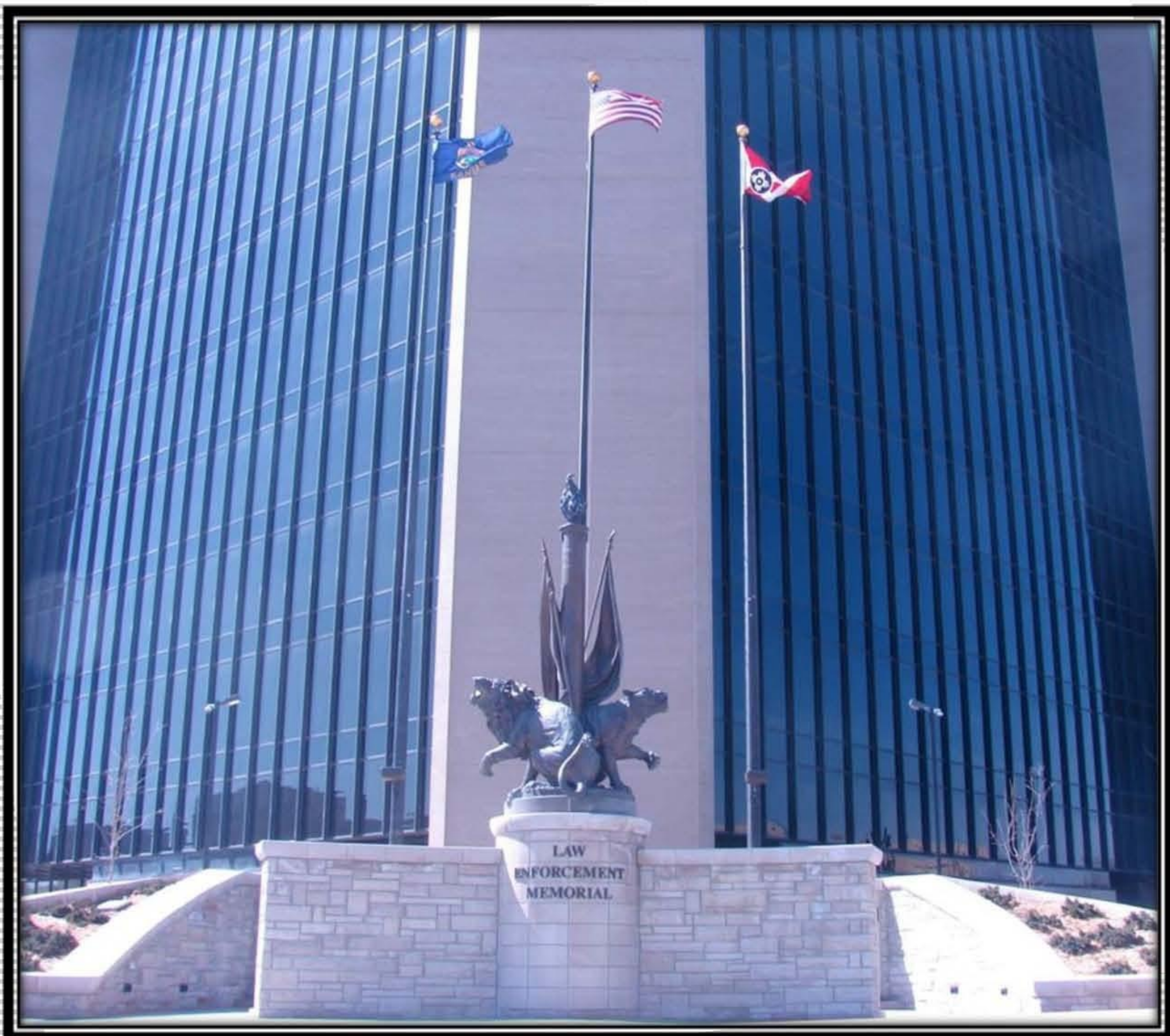




**2012**

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**Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2012**





# **City of Wichita, Kansas**

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

**Government Adopted 1917**

## **Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2012**



### **CITY COUNCIL**

Carl Brewer, Mayor

Pete Meitzner, Vice Mayor (II)

Lavonta Williams, Council Member (I)

James Clendenin, Council Member (III)

Jeff Blubaugh, Council Member (IV)

Jeff Longwell, Council Member (V)

Janet Miller, Council Member (VI)

### **City Manager**

Robert Layton, City Manager

### **Department of Finance**

Shawn Henning, Director of Finance

Prepared by Controller's Office

Department of Finance

# CITY OF WICHITA, KANSAS

## Comprehensive Annual Financial Report Year ended December 31, 2012

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## ***INTRODUCTORY SECTION***



Department of Finance  
Controller's Office  
City Hall – Twelfth Floor  
455 North Main  
Wichita, Kansas 67202

June 26, 2013

To the Honorable Mayor, City Council and Citizens of  
the City of Wichita, Kansas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wichita for the year ended December 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component unit.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unqualified opinion on the City of Wichita's financial statements for the year ended December 31, 2012. The independent auditor's report is located on page A-1 in the Financial Section of this report.

In addition to meeting the requirements set forth in State Statutes, the standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with the administration of federal and state awards. The auditor's reports related specifically to the single audit are included in the Single Audit Section. Details on the audit findings and management's response are located in the Single Audit Section of this report.

Management's discussion and analysis (MD & A) immediately follows the independent auditor's report and provides an introduction, overview and analysis of the basic financial statements. MD & A complements this transmittal letter and should be read in conjunction with it.



### ***THE REPORTING ENTITY AND ITS SERVICES***

The City of Wichita is the largest city in Kansas, with an estimated 2011 population of 384,445, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is approximately 162 square miles. The Kansas Turnpike and Interstate Highway I-35 link the City with a large trade area that encompasses a population of more than one million within a 100-mile radius.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component units provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, public transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The City Council is required to hold public hearings on a proposed budget and adopt a budget no later than August 25 of each year. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

*The Budget Process:* The City of Wichita actually produces three operating budgets: 1) a revision of the current year budget; 2) a proposed budget for the next year, which will become the adopted budget upon City Council approval; and 3) a projected budget for the year following, which becomes the basis for the proposed budget next year. The 2012 budget was formulated around four strategic priorities identified by the City Council in 2009. The priorities include protecting life, protecting property, maintaining the City's investment in infrastructure and creating a sustainable community. Budget preparation began with a focus on sustaining services and providing outcomes in areas of strategic priority.

Each year, City departments provide information on operations (financial and performance objectives) and identify significant issues and changing needs. The information is packaged in a strategic operating plan for each department. Senior staff and the City Manager conduct a review of revenue projections and departmental requests balanced against current year priorities. The City Council is briefed on strategic and policy issues and preliminary financial forecasts. The City Manager holds internal budget hearings in April through June. Based on City Council feedback and the information from departments, a proposed budget is drafted by the City Manager and is provided to the City Council for consideration in July. Presentations are made to citizens, including the District Advisory Board of each Council District. Budget information is communicated in various social media formats providing opportunities for citizen engagement on the budget.

The City Council holds public hearings on the proposed budget in July and August prior to adopting and filing the final budget no later than August 25.

*Budgetary Control:* The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year end, while encumbered appropriations are carried over into the next year for liquidation. As demonstrated by statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated

annual budget has been adopted. For the General Fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-18. For governmental funds, other than the General Fund with appropriated annual budgets, the comparison is presented in the governmental funds section of this report which starts on page B-1.

### ***THE LOCAL ECONOMY<sup>1</sup>***

The Wichita metropolitan statistical area (MSA) has a diverse economic base, producing a wide variety of products and services. Approximately 46% of Wichita's employment is in service-providing industries, 24% in goods-producing industries, 17% in trade, transportation and utilities, and 13% in government. Nearly 94% of the area's business establishments employ fewer than 50 workers. Growth in Wichita is stimulated by these small firms, as well as local aircraft companies that combine to produce a significant number of the world's general aviation and commercial aircraft parts.

<b>Annual Average Wichita MSA Employment by Sector*</b>						
	<b>2010 (a)</b>	<b>2011 (a)</b>	<b>2012 (a)</b>	<b>2013 (f)</b>	<b>2012-2013 Forecasted Change</b>	<b>2011-2012 Forecasted Percent Change</b>
Production sectors	66,900	65,700	67,500	68,250	750	1.1%
Trade, transportation and utilities	49,200	49,500	49,500	50,300	800	1.6%
Service sectors	125,200	127,300	131,800	135,100	3,300	2.5%
Government	41,800	40,300	37,700	37,750	50	0.1%
<b>Total Non-farm employment</b>	<b>283,100</b>	<b>282,800</b>	<b>286,500</b>	<b>291,400</b>	<b>4,900</b>	<b>1.7%</b>

\*Annual values are derived from average quarterly observations and projections and may include adjustments not previously reported. Subtotals may not add to totals due to rounding. (a) actual (f) forecasted

Between 2008 and 2011, more than 16,000 manufacturing jobs were lost in Wichita. Areas of Wichita manufacturing have begun to recover. Current available data for 2012 suggests that the manufacturing industry increased employment in 2012 by 2.1%, despite a workforce reduction of more than 1,000 employees at Hawker Beechcraft. With Hawker Beechcraft's emergence from bankruptcy as a stand-alone company, employment at the company, now known as Beechcraft Corp., is expected to stabilize.

Boeing Company announced it would close its Wichita facilities by the end of 2013, impacting an additional 2,160 workers. The reductions however, will be offset to some degree by the expansions at other manufacturing companies. In 2012, Bombardier Learjet broke ground on a \$52.7 million building project that is expected to add 450 jobs in Wichita. Local manufacturing suppliers, including B & B Airparts, Atlas Aerospace, LLC, JR Custom Metal Projects, Inc. and Spirit AeroSystems have all announced expansions, some of which will result in new jobs over the next few years.

Koch Industries has announced it will break ground on a 210,000 square-foot building at its Wichita headquarters in 2013. The new building will accommodate 745 employees, making it possible for Koch to hire or relocate hundreds of additional employees.

Outside the manufacturing sector, Wichita has a robust service industry. Of the service-related industries, the education and health care sector has the most employees and is important to Wichita's long-term growth. With emphasis on research and training, Wichita is a nationally recognized, "state of the art" health care center. The Wichita MSA is served by 15 acute care and freestanding specialty hospitals and 135 nursing and assisted living facilities. Nearly 1,300 physicians and 275 dentists provide care in the four-county region. Other health care and specialty clinics provide comprehensive patient care and same-day surgery. The combined health care and social assistance industry employs more than 38,000 people.

<sup>1</sup> Information provided by the Center for Economic Development and Business Research, Frank Barton School of Business, Wichita State University.

In recent years, significant expansion and consolidation of health care providers has taken place, especially among skilled nursing and assisted living facilities. Established senior living campuses that broke ground on new projects in the past year include Larksfield Place, Cornerstone Ridge Plaza, the Kansas Masonic Home, Presbyterian Manor and LakePoint. New developments include an Avita Senior Living facility in the Reeds Cove Development and a 77-unit assisted living and memory care residence near NewMarket Square.

Hospitals are also seeking ways to provide patients with more health care options, while creating a safer, more comfortable environment in which to receive care. Wesley Medical Center added its third robotic surgery machine and announced it will begin a \$36 million renovation of its women's care facility in 2013. Via Christi established a multimillion dollar renovation plan to provide all patients with private rooms by 2017.

Educational facilities remain a significant component of the local economy as well, with education employment representing approximately 14% of the education and health services sector. Numerous private, public and technical schools, including 12 colleges and universities, provide educational opportunities in many fields of study. Among the universities that have a campus in Wichita are Wichita State University, Newman University, Friends University, and the Kansas School of Medicine.

A total of eight unified public school districts serve the City of Wichita. Wichita Unified School District 259 (USD 259) operates about 85 schools from elementary through high school, offering alternative, magnet and special schools. Wichita USD 259 is the largest school district in Kansas with a 2012 fall enrollment of 50,639 students. The fall 2012 enrollment was the highest enrollment since 1975.

Expansion and renovation has been the trend for schools in the Wichita area. The \$370 million bond issue approved by voters in 2008 has been used to build six new schools and update more than half of the existing schools in the Wichita USD 259. Approximately \$70 million remains for unfinished projects. Work has begun on a \$33 million renovation of the Rhatigan Student Center at Wichita State University. In addition, the University announced plans to build a new residence hall and a parking garage. Friends University has purchased a historic building in the Delano District for its art department, as well as nearby warehouse space. The Wichita Area Technical College received a \$9 million grant from the U.S. Department of Labor to fund the continued development of the aviation curriculum. Newman University has worked to establish more partnerships in the community, including agreements with the University of Kansas School of Medicine-Wichita and Via Christi Health Systems.

Local banks and credit unions reported an increased demand for loans for car sales, real estate purchases, business purchases and expansions. Economic recovery in the Wichita area spans across industries. Diversified industry, combined with a skilled labor force and the City's central location have contributed to the ongoing growth and recovery in the area.

Wichita Area Employment by Industry			
Industry	2010	2011	Percent of 2011 Total
Total employment	235,538	236,874	100.0%
<b>Major business sectors:</b>			
Transportation equipment manufacturing	30,890	30,257	12.8%
Food services and drinking places	21,244	21,586	9.1%
Administrative and support services*	15,660	16,924	7.1%
Ambulatory health care services	13,355	13,476	5.7%
Hospitals	9,924	10,243	4.3%
Professional and technical services	9,033	9,249	3.9%
Specialty trade contractors	8,278	8,329	3.5%
Nursing and residential care facilities	7,383	7,515	3.2%
Merchant wholesalers – durable goods	5,783	5,824	2.5%
Food and beverage stores	5,433	5,521	2.3%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wage as currently published.

\*The 2010 employment level for this industry was estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

### ***CITY BUSINESS AND FINANCIAL PLAN***

The City of Wichita uses a comprehensive planning approach that incorporates a long-term strategic process (five-year financial plan) and a shorter-term strategic process (two-year budget). In addition, the City maintains a 10-year capital expenditure and financing plan. The financial planning processes are integrated with other operational plans, such as the technology plan, the pavement management plan and the park master plan.

The City continues to implement strategic initiatives to provide stability in the fiscal reality of fewer financial resources. Utilizing a combination of approaches to meet the City's challenges proactively, the City has focused on saving energy, mitigating rising health care costs, and seeking opportunities for increased efficiency in delivering essential services. Maintaining engagement with stakeholders – residents, the governing body, District Advisory Boards, neighborhood associations, community groups, businesses, employee bargaining units and City staff – helps the City continue its focus on the reliable delivery of services and prudent use of resources in recognition of the community's priorities.

Positioning the City favorably for long-term economic growth remains a key business objective, based on a diversified foundation of business and industry. Downtown revitalization remains a major initiative towards developing that diversified base. Partnering with all levels of government and the Greater Wichita Economic Development Coalition, the City is working to incentivize job growth and mitigate negative impacts of industry losses.

Restructuring of the City's workforce continues to efficiently utilize the organization's human resources and provide for long-term sustainability. Late in 2011, an early retirement incentive program was offered. A total of 104 employees participated, representing an estimated wage base reduction of \$7.5 million. Subsequently, a comprehensive approach of prioritizing positions was developed, resulting in over 200 positions remaining unfilled, but with a minimal impact on performance. Long term, some positions will remain vacant until service demand recovers and some may ultimately be eliminated.

Additionally, the City continues to reduce operating costs by partnering with other entities, addressing cost drivers, outsourcing where appropriate and restructuring where possible. Partnering with Sedgwick County, code enforcement is being consolidated to improve service delivery and capture efficiencies. Through the Wellness Committee, the City is developing strategies to incentivize healthy lifestyles, striving first for prevention, then early detection and effective management of chronic disease. Exploration continues with respect to outsourcing services in which private sector alternatives exist. Custodial services for City facilities have been reorganized, significantly reducing the per square-foot custodial cost. Recreational services have been reorganized yielding an estimated annual savings of \$1 million. Across the City, assessment of cost recovery goals continues in order to determine the appropriateness of current user fees. Where the public at large benefits, subsidized services may be provided, however when a select population is served, fees may be based on a self-supporting cost structure.

Protecting existing resources, the City manages a pooled funds investment program for all cash (not otherwise restricted) under a comprehensive, written investment policy. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields. The City also manages its risk exposure through insurance policies and self-insurance programs. The self-insurance and safety programs are funded and administered through the City's Risk Management office. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Wichita Housing Authority, Art Museum, and Wichita Public Building Commission maintain specialized insurance policies and bonds as detailed in the Additional Information Section of this report.

The City contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. At the close of 2012, the Wichita Employees' Retirement System's actuarial accrued pension liability was 91.0% funded and the Wichita Police and Fire Retirement System's actuarial accrued pension liability was 90.5% funded. A separate comprehensive annual financial report is issued for the City's pension funds.



### ***RELEVANT POLICY CHANGES***

Most of the City's key financial management policies remain unchanged, including a stable property tax rate, a balanced budget, maintenance of a General Fund balance of at least 10% of budgeted expenditures, and budget decisions driven by the four strategic priorities adopted by the City Council (ensuring citizen safety, protecting private property, protecting public infrastructure investment, and promoting sustainable growth). The policies provide a foundation for City financial planning and budget allocation decisions in a challenging economic environment.

Three of the City's primary sources of general revenue are property, sales and franchise taxes. The struggles in the real estate market (residential and commercial) and changes in tax exemptions have restricted the growth of property tax revenue. The property tax revenue has not significantly changed since 2009. Sales tax revenue had been stagnant in 2009 and 2010 but has rebounded in the last two years. The City continues to be threatened by the reduction in state aid due to fallout from the State's fiscal duress, as well as from higher gas prices (since the State's gas tax is volume based and not price based). Add to these circumstances the low interest earnings and general low level of economic activity, the City's revenue portfolio continues to be challenged. Recently, the State Legislature committed to continuing financial support for a joint affordable air fare program in which it has been partnering with the City and Sedgwick County.

The City implemented transitional policies to weather these times. A portion of the mill levy for capital investment and debt service was temporarily shifted to general operations. Beginning in 2013 and 2014, the millage will be shifted back to the Debt Service Fund to maintain existing infrastructure through the capital improvement program. Street maintenance funding is being increased to slow deterioration. Planning for capital improvements and resulting operational costs has become more integrated to better align capital investment with long-term sustainability. Technological advancements will continue to improve wireless connectivity and interactive voice systems that enable citizens to pay bills and receive information on-line. Exploration continues into other technologies that could affordably improve efficiency. Meanwhile, the City continues to press forward with major initiatives and to position itself for future and sustainable growth.

### ***MAJOR INITIATIVES***

Despite the challenging economic times, the City remained focused on its priorities of providing government services efficiently in an environment that invites private investment and a diversified business and industry foundation. Committed to public engagement, the City provided opportunities in a variety of ways for citizens to voice concerns and offer ideas for improving the community. In 2012 and in preparation for updating the Wichita-Sedgwick County Comprehensive Plan, a citizen survey was developed and tested within smaller focus groups prior to conducting the survey within the greater populous. The survey provided citizens with the opportunity to communicate their preferences on decisions affecting the future of their community. The survey results will be the starting point for community conversations leading to decisions regarding quality of life, public infrastructure, economic development, water sustainability, downtown redevelopment and other public issues.

In December 2010, the City Council approved Project Downtown – the Master Plan for Wichita. The plan identifies unique districts within the downtown area, all to be supported by development concepts that create “walkable” connections. In 2011, a new Downtown Incentives Policy was created in which the City established guidelines for public/private partnerships as the appropriate balance between public and developer investments. Projects completed in partnership with the private sector resulted in the completion of the 117-room boutique Ambassador Hotel, the new 110,000 square-foot Robert Love Downtown YMCA, and the Renfro Center, offering residential and commercial space in the East Douglas Avenue Historic District. Other commercial, residential and retail construction adds to the nucleus that encourages new development.

The reconstruction of St. Francis Street, in the heart of Wichita, converted a one-way street to two-way, with added angle parking. The revitalized streetscape provides a pedestrian connection to INTRUST Bank Arena and Old Town. Partnering with the Wichita Downtown Development Corporation, the City of Wichita Parks and Recreation and Public Works and Utilities Departments

brought together community volunteers to collect trash, paint curbs and parking stripes, and complete landscaping projects for added safety and appeal.

The City advanced elements of the plan to make Douglas Avenue a distinctive walking corridor and one that encourages public transit. Towards that goal, the Douglas Avenue Corridor Transit Oriented Development Study, completed in early 2012, developed concepts and guidelines for future transportation and streetscaping improvements. In August, the City received a Bus Livability Initiative Grant that will fund the \$1.35 million first phase of improvements, which are scheduled for completion in late 2013.

Concurrently, the development of an entire city block (Block One) was initiated, marking the first new construction along the core of Douglas Avenue in more than 38 years. A 270-space parking garage with 8,400 square feet of retail space was constructed in Block One to accommodate the parking needs of the new Ambassador Hotel, the Kansas Leadership Center and the general public. An urban plaza was constructed to connect the new Block One parking garage and the historic Ambassador Hotel. The alleyway was redesigned to make the area more compatible for pedestrians and vehicles, enhancing pedestrian traffic with mosaic public art.

The WaterWalk and River Corridor districts are in the final development phase. The park-like area, including sculptures, ponds, fountains, walking paths and plantings surrounds WaterWalk Place, which is a mixed use building with 46 upper-end residential units, a parking garage, commercial space and lots ready for construction. A 150-foot feature fountain was installed in 2012 providing shows of lights, water, and music, creating a new downtown destination.

The City continued progress on its \$22 million, five year commitment to update Century II, a convention and entertainment venue. The investment will bring updating to the facility and new equipment, as well as improve the efficiency of this unique landmark. Century II is home to the Wichita Grand Opera, the Wichita Symphony Orchestra and Music Theatre and hosts a wide range of other performing arts, conventions and special shows.

Development is not confined to the downtown core area of Wichita. Community improvement districts, a relatively new tool authorized by the Kansas Legislature in 2010, have been utilized in various areas to encourage investment. Five districts have been authorized with total sales tax collections in 2012 of \$253,758, which finance the improvement in the districts. Utilizing the community improvement district, the 80,000 square-foot Cabella's store in northeast Wichita opened in early 2012. The store features the company's signature log and stone design with trophy animal mounts in conservation themed wildlife displays, showcasing thousands of products and gifts for outdoor enjoyment.

In northeast Wichita, plans continue for developer GoodSports to build a \$50 million multi-sport athletic and retail complex. The development would include indoor and outdoor facilities, as well as retail and restaurant opportunities. A key goal of the complex is to attract regional and national sports competitions.

In southeast Wichita, plans for the Southfork Redevelopment Project continue. With tax increment financing (TIF) approved, infrastructure and drainage improvements can be constructed in a 70-acre tract where development has been curtailed by flood and drainage problems. With the TIF financed infrastructure, the developer is planning a \$16.5 million mixed-use commercial development. The final approval and adoption of the TIF project plan was completed in early 2013.

The City continues to make major public investments to sustain the economic vitality of the community. A decade of research and planning in the Water Utility, then a long period of construction brought to completion the network of pipes and pumps that recharge the underground aquifer, returning excess

#### **Downtown Vision Statement**

*"Downtown is a place that enables people to live, work, shop, play, and learn...all within a short walk of each other. Downtown celebrates Wichita's rich history and vibrant future, and it invites people from every walk of life to share their sense of community. 150 years after Wichita took root here, downtown is the reinvigorated heart of a region committed to a vital future."*

surface water back into the Equus beds. Phase II of the project is nearly complete, with system testing to take place when excess surface water is available. Further development of the ASR project is being evaluated in the long-range strategic planning process for regional water quality and an adequate long-term supply. Due to drought conditions that have prevailed for the last two years, the City will take other measures to extend the City's water supply. Other measures under consideration are reusing waste water, evaluating testing methods of fire hydrants, evaluating waterless street sweepers, reviewing operational hours of interactive fountains, in addition to developing and implementing community-wide water conservation plans.

Jointly funded by Sedgwick County and the City of Wichita, the Stormwater Utility is managing the \$10.1 million rehabilitation to the Wichita-Valley Center Floodway. The levied floodway, originally constructed in the 1950s, channels overflow water from the Big and Little Arkansas Rivers around the City. The levee that protects the City and surrounding area is required to be recertified by the Federal Emergency Management Agency. The recertification process is a \$2.4 million companion project that uses LiDAR mapping (Light Detection And Ranging) to provide information for levy recertification and other flood control issues. The project is nearing completion.

Groundbreaking on the new \$160 million terminal building at Mid-Continent Airport took place in the fall of 2012. The aprons and utilities serving the new facility were relocated over the last several years, in preparation for the terminal construction. Concurrent with the construction of a new terminal is the construction of a \$40 million, 1,600-space parking garage, increasing airport parking capacity by 38%. The parking garage will provide more convenient parking and access to rental cars, connecting to the terminal with a covered walkway. The new terminal is expected to open in 2015.

Southwest Airlines provided more good news for Wichita air travelers when it committed to serving the Wichita market with five daily flights beginning in June 2013. The Southwest Airlines schedule includes two flights daily to Dallas, two flights daily to Chicago and one flight daily to Las Vegas. United Airlines also serves west-bound passengers, providing daily nonstop flights to Los Angeles beginning in May 2013. The positive developments at Wichita's airport have the potential to attract more visitors and more business to the Wichita area.

In addition to economic development and infrastructure investments, the City continued to seek ways to affordably maintain its existing infrastructure and its service to the community. Cost savings from reorganizations were captured, as well as from employee retirements, reduction of energy consumption and other actions to reduce costs. The City continued to protect its investment in buildings and parks with maintenance, in addition to reconfiguring buildings for best and most efficient use. Equipment and technology is upgraded when increased efficiency and service improvements can be affordably realized.

The City has long used a pavement management system to evaluate conditions of streets and prioritize maintenance. In 2012, the City initiated the first of several steps to incorporate a pavement life cycle modeling tool to develop a more robust approach to evaluating the service life of streets. The new approach will provide the ability to evaluate alternatives in economic terms and project the return on investment for each alternative. Alternative models can be created for 1) the short-term and long-term results of the current strategy and budget, 2) the strategy and budget required to maintain current condition and asset values, and 3) the strategy and budget that results in optimum return on investment.

Not only will citizens benefit from streets maintained at a lower overall cost, but also from more efficient flow of traffic resulting from a new interchange at I-235 and West 13<sup>th</sup> Street. The interchange is currently under construction and expected to be completed before the end of 2014. Freeway extension (U.S. 54) in east Wichita also continues in order to quickly and safely move traffic about the City.

Efficient and safe bike travel is also a key element in the City's transportation plan. In addition to providing recreational opportunities, designated bike lanes and paths encourage reduced auto travel, improving the city's air quality, and encourage a healthy lifestyle overall. With the 2011 additions, 31 continuous miles of bike paths and lanes are available for biking enthusiasts, in addition to other

shorter paths dedicated to cyclists. After more than 50 meetings involving more than 4,000 citizens, guided by a 19-member steering committee, the Wichita Bicycle Master Plan took shape in 2012. The Plan is a guide for decisions regarding public infrastructure investments, operations and policies. The Plan recommends the creation of a ten-year priority bicycle network and a long-range bicycle network to provide for safer and more convenient bicycle transportation within the city.

To further leverage City resources, a coordinated organizational approach to projects and processes in daily operations was initiated. Applying techniques recommended by the Project Management Institute, the project management team coordinates knowledge, skills and resources to identify best practices for optimum results. The team model provides a structure for better sharing of information and engages multiple perspectives on the challenges and potential solutions. The project management model has been utilized to engage partners within the City's government, as well as the community, successfully coordinating the implementation of the Wichita/Sedgwick County Joint Economic Development Policy, the Downtown Incentive Criteria Policy, the City/County merger of code enforcement, and the WaterWalk project.

Access to government services was improved in 2011 with the creation of the Call Center. By dialing a single phone number, citizens can access general information, report a problem and receive customer service from the Water Utilities. Throughout 2012, processes continued to be refined and staff was increased, reducing the average time for a call to be answered from ten minutes to three minutes. Improvement efforts are currently underway to further increase efficiency and customer care.

The quality of life in the community has also remained a priority. The City continues to encourage citizens to maintain safe and attractive neighborhoods through the Neighborhood Cleanup Program. Training is offered to neighborhood volunteers on how to organize a neighborhood cleanup event. In addition, the City provides financial assistance in low and moderate income neighborhoods. Neighborhoods engage their own volunteers, distribute information to neighbors and organize the cleanup event.

Marketing efforts of golf, park and recreational services continue to increase and build awareness of the offerings within the community. The retooled recreation programs provide some fresh, new offerings each quarter, while working to improve the community's favorite programs. For the second consecutive year of this strategic plan, revenue from recreation programs increased, indicating a higher participation rate and improved overall cost recovery.

In response to the Task Force on Ending Chronic Homelessness, the City of Wichita, in partnership with Sedgwick County, launched the Housing First Program in 2009. The program, which has capacity to provide housing for 64 is near capacity at all times. An assigned case worker from a local supporting agency coordinates other social services for the well-being of the client. A new task force has been formed to address problems of youth homelessness. Partnering with agencies community-wide, representatives and stakeholders are working to identify assets, barriers, long-term needs and solutions addressing homelessness of young people.

The City continues to be successful in various tourism initiatives. Each year the Wichita River Festival draws approximately 300,000 citizens and visitors during the 10-day event. Also drawing visitors from across the region is the two-day Wichita Flight Festival, offering world-class air shows, family-friendly displays, children's activities, food and music. Many other attractions are offered including the Automobilia's Moonlight Car Show and Street Party, the Wagonmasters' Downtown Chili Cook-off, the Midwest Winefest, the Great Plains Renaissance Festivals, the Midwest Beerfest, Zoobilee, and Winter Illuminations at Botanica, Wichita's gardens.

The community has a rich tradition in performing arts. The theatre productions of Disney's Lion King, and other Broadway award-winning shows made the 2012 season a record season. Music Theatre offered a 40-show, five-production line-up of shows, in addition to the seven-show line-up offered by the Wichita Grand Opera, including one outdoor opera. Wichita is also host to the Wichita Symphony, Chamber Music at the Barn, summer outdoor concerts at Cowtown, the Tallgrass Film Festival, and many other performing arts events that enrich the community.



Sporting events provide both entertainment and participation opportunities. The Prairie Fire Marathon draws runners from a wide region, hosting full marathon competitors, half marathon competitors, as well as individuals running and walking for fun. The Kansas Special Olympics brings spectators and athletes from across the state for a weekend of fun competition. The National Baseball Congress annually brings teams from across the nation to compete in the amateur national tournament. Wichita Thunder, the City's professional hockey team, the Wichita Wingnuts professional baseball team, and the Wichita Wild professional indoor football team have a fan base, as well as the college sports teams that call Wichita home.

College athletics have excited and united the community with the 2012-2013 season. Wichita State University had a successful year in college sports, winning four team championships and winning second in eight other sports, with the WSU men's basketball team earning a spot in the final four of the NCAA Division I Basketball Tournament. Friends University men's and women's basketball teams both participated in post season tournaments with the Lady Falcons earning their first NAIA<sup>2</sup> championship title. Newman University athletes also had a successful year, notably claiming the highest grade point average among all athletic programs in the NCAA<sup>3</sup> Division II Heartland Conference for the fifth time in the past six years.

For the animal lovers, the Wichita area offers many attractions such as Equifest, a premier horse show and exposition. In 2012, the five-day American Rabbit Breeders Convention was held in Wichita, drawing an estimated 3,500 visitors to the City from many states, Canada and Japan. The two-day Wichita Cat Fancy show offers judged competitions in multiple categories and appeals to lovers of exotic breeds and common household felines. The Sunflower Cluster Dog Show, sponsored by the Wichita, Hutchinson and Salina Kennel Clubs, and the Wichita Dog Training Club, offers three separate judged shows over a period of three days, attracting visitors from many states. The ever popular outdoor celebration of dogs, Woofstock, celebrates the friendship we have with our dogs and serves as a fundraiser for the Kansas Humane Society.

Many additional attractions mix fun, fellowship and fund raising to knit the community together and bring guests from across the region into the city.

#### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending on December 31, 2011. The 2011 award represents the 39th consecutive year that the City earned this award.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its Popular Annual Financial Report (PAFR) for the fiscal year ending on December 31, 2011. The 2011 award represents the City's third award, with the City earning the award in each year of participation.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the Wichita Retirement Systems CAFR for the fiscal year ending on December 31, 2011. The 2011 award represents the 13th consecutive year that the Wichita Retirement Systems earned this recognition.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. The City believes this current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

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<sup>2</sup> National Association of Intercollegiate Activities

<sup>3</sup> National Collegiate Athletic Association

In addition, the City of Wichita has for the 24th consecutive year received the GFOA's Outstanding Budget Presentation Award for its 2011 budget document. The award is the highest form of recognition in governmental budgeting. To receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communications device. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

The Association of Public Treasurers, United States and Canada, again awarded a Certificate of Excellence for the City's Investment Policy in 2011. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to its preparation. The elected members of the City's governing body also deserve credit for their continued interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully submitted,



Robert Layton  
City Manager



Shawn Henning  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

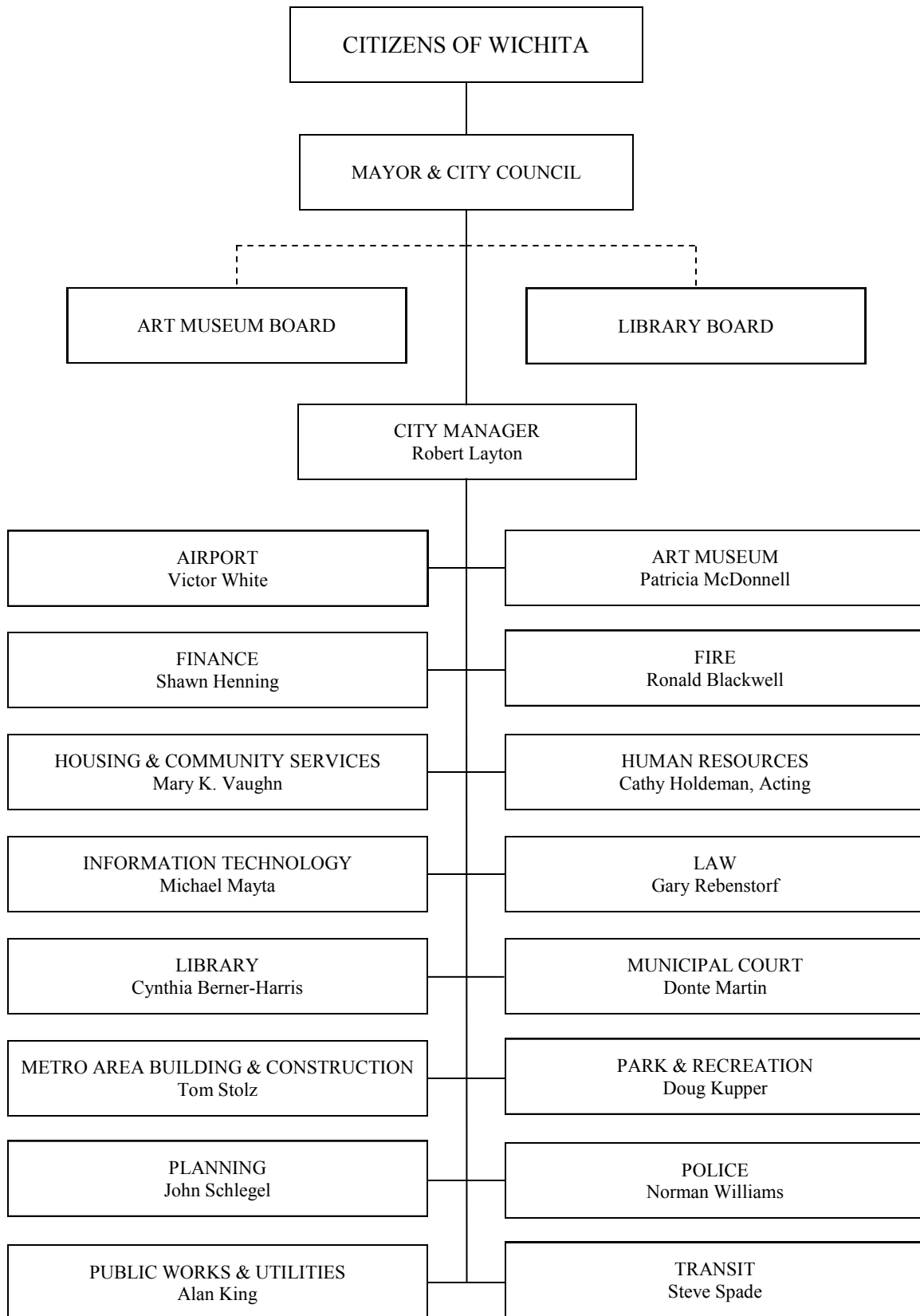


*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director





**CITY COUNCIL MEMBERS**

Carl Brewer	Mayor	268-4331
Pete Meitzner	Vice Mayor (II)	268-4331
Lavonta Williams	Council Member (I)	268-4331
James Clendenin	Council Member (III)	268-4331
Jeff Blubaugh	Council Member (IV)	268-4331
Jeff Longwell	Council Member (V)	268-4331
Janet Miller	Council Member (VI)	268-4331

**CITY OFFICES**

City Manager	268-4351	Robert Layton, City Manager
Assistant City Manager	268-4351	Cathy Holdeman, Assistant City Manager
Airport	946-4700	Victor White, Director
Art Museum	268-4921	Patricia McDonnell, Director
Finance	268-4300	Shawn Henning, Director
Fire	268-4451	Ronald Blackwell, Fire Chief
Housing & Community Services	462-3795	Mary K. Vaughn, Director
Human Resources	268-4531	Cathy Holdeman, Acting Director
Information Technology	268-4531	Michael Mayta, Chief Information Officer
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director
Municipal Court	268-4611	Donte Martin, Court Administrator
Metro Area Building & Construction	268-4460	Tom Stolz, Director
Park & Recreation	268-4398	Doug Kupper, Director
Planning	268-4425	John Schlegel, Director
Police	268-4158	Norman Williams, Chief of Police
Public Works & Utilities	268-4497	Alan King, Director
Transit	352-4802	Steve Spade, Director

## ***FINANCIAL SECTION***

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
City of Wichita, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Additional Information section, Water and Sewer section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies*, and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, Additional Information section, Water and Sewer section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2013  
Wichita, Kansas

This discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2012. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City's net position increased \$51.1 million during 2012, compared to \$101.2 million in 2011.
- The net position of governmental activities increased \$9.7 million while the net position of business-type activities increased \$41.4 million in 2012.
- The cost of governmental activities was \$333.4 million in 2012 or \$2.4 million more than in 2011.
- The cost of highways and streets increased \$8.3 million in 2012, as the City continued expansion of the east-west freeway through the City.
- The cost of public safety services increased \$4.2 million from the prior year, largely due to the acquisition of new mobile radios for all first responders.
- Governmental liabilities increased \$34.7 million in 2012 with the issuance of long-term debt to finance freeway, arterial streets, neighborhood and other public improvements. Liabilities also increased due to new estimated environmental remediation liabilities, actuarially estimated legal expenses and worker's compensation claims.
- The cost of the business-type activities increased \$9.3 million in 2012.
- Non-current liabilities of the business-type activities decreased \$60.1 million, with the most significant decline in Airport special facility revenue bonds since some bonds were retired in advance of their due date.
- The General Fund, on a budgetary basis reported \$212,029 of revenue in excess of expenditures.
- On December 31, 2012, the General Fund reported a budgetary fund balance of 10.3% of the 2013 appropriated budget, which includes a \$12.2 million reserve appropriated for emergencies.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled *Additional Information*, *Statistical and Water Utilities*. The *Water Utilities Section* provides specific information for water and sewer revenue bondholders.

The City presents two kinds of statements, each providing a different perspective of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

**Government-wide Financial Statements:** The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The *statement of activities* reports how the government's net position changed during the most recent fiscal year. All changes in net position (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or



a portion of their costs through user fees and charges (business-type activities), and from the City's discretely presented component unit, the Wichita Public Building Commission. Governmental activities of the City include public safety, culture and recreation, public works, environmental health, housing, and highways and streets. Business-type activities include public water, sewer, airport, stormwater, golf, and transportation services.

## FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-19 and A-21. Primary differences are the impact of accounting for capital assets and their long-term financing.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered major funds. Information on 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23, demonstrating compliance with the appropriated budget. For the purposes of this report, the General Fund consists of several separately appropriated subfunds. Budgetary compliance with the appropriated subfunds of the General Fund is provided in the Governmental Funds Section of this report, which begins on page B-1. A more detailed budgetary statement of the General Fund, as appropriated, is also provided on the Governmental Funds Section with other supplementary budgetary governmental fund statements.

- *Proprietary funds*, which include enterprise and internal service funds, account for services for which the City charges customers a fee. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for water and sewer, airport, golf, stormwater, and transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal service funds account for the City's fleet, technology, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Stormwater Utilities and the Airport Funds, all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) begins on pages C-1 and D-1 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.

- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other information* is presented in addition to the basic financial statements and accompanying notes, including certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional information in the sections titled *Additional Information*, *Statistical Section* and the *Single Audit Section*.
- *The Water Utilities Section* provides for the specific informational needs of the water and sewer revenue bondholders.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position of the Primary Government and Component Unit.** Over time, net position can serve as a useful indicator of the City's financial position. The table below summarizes net position of the primary government, and shows an increase of \$51.1 million during the 2012 fiscal year. Approximately 74% of the City's net position reflects capital assets (e.g., land, buildings, improvements, equipment), net of any related debt used to acquire those assets. The City uses the capital assets to provide services to citizens; consequently, capital assets are not available for future spending. An additional portion of the net position represents resources subject to external spending restrictions. The unrestricted portion of the net position that may be used for the government's ongoing operations is \$40.3 million.

Net Position – Primary Government As of December 31 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 637.6	\$ 630.0	\$ 253.4	\$ 298.5	\$ 891.0	\$ 928.5
Capital assets	1,156.7	1,119.9	1,456.2	1,433.9	2,612.9	2,553.8
Total assets	1,794.3	1,749.9	1,709.6	1,732.4	3,503.9	3,482.3
Non-current liabilities	626.8	594.8	502.2	562.3	1,129.0	1,157.1
Other liabilities	178.3	175.6	184.7	188.8	363.0	364.4
Total liabilities	805.1	770.4	686.9	751.1	1,492.0	1,521.5
Net position:						
Net investment in capital assets	659.1	615.4	820.1	828.7	1,479.2	1,444.1
Restricted assets	328.2	358.7	164.2	109.6	492.4	468.3
Unrestricted assets	1.9	5.4	38.4	43.0	40.3	48.4
Total net position	\$ 989.2	\$ 979.5	\$ 1,022.7	\$ 981.3	\$ 2,011.9	\$ 1,960.8

**Governmental activities:** The net position from governmental activities increased \$9.7 million in 2012, despite the decrease in overall revenue. The most significant decline in revenue was recorded in capital grants and contributions for highways and streets, which declined \$26.8 million as a result of reduced activity and revenue related to construction projects funded with special assessments. The City continued to refinance debt to reduce long-term borrowing costs. At the close of 2012, \$96.3 million of proceeds from advance and crossover bond refundings were held in escrow to retire debt, compared to \$62.2 million at the close of 2011.

Environmental remediation activities are another significant consideration in governmental activities. The majority of the environmental remediation costs are accounted for within two tax increment financing districts, which were specifically established to pay the remediation costs from property tax resulting from improving property values. The \$20.0 million environmental remediation liability costs will be spread over the next 60 years. Estimated recoveries of \$3.8 million are recorded as a receivable, offsetting the liability. Additional information regarding debt is provided in Note 9 to the accompanying financial statements.

Although resources were redirected to sustain essential operations during the economic downturn, capital investment continued and provided a net increase in capital assets of \$36.8 million in 2012. Construction of infrastructure was the major focus of capital spending. Street improvements and purchases of equipment that increased efficiency also continued, as well as investments to encourage economic development.

**Business-type activities:** A \$41.4 million increase in the net position of business-type activities follows increases of \$52.0 million in 2011 and \$55.0 million in 2010. As in the past two years, the Water Utility recorded the greatest increase with continued construction on the aquifer storage and recharge project, combined with a rate increase to meet infrastructure financing needs. The Sewer Utility, also with a rate increase, continued focusing on reconstruction and rehabilitation of the sanitary sewer network. The Airport Fund began initial construction of a new \$160 million terminal building and an adjacent parking facility, scheduled to be completed in 2015. Assets in the business-type activities are less than at the close of 2011, mostly due to a reduction of investment in direct financing leases in the Airport Fund. As special facility revenue debt is retired for improvements on the Airport property, the corresponding investment in direct financing leases also declines. The Stormwater Utility issued bonds to provide long-term financing for the most recent improvements, but without an overall increase in assets or related debt in 2012.

In total, liabilities of business-type activities decreased \$64.2 million. Revenue bonds totaling \$17.2 million were issued in 2012; \$7.2 million for Water Utility improvements and \$10.0 million for Sewer Utility improvements. These increases were offset by a decline of \$7.5 million as a result of debt service payments. In the Airport Fund, \$49.3 million of special facility revenue bonds were retired early, reflecting a significant decrease in long-term debt.

**Discretely presented component unit activities:** The Wichita Public Building Commission (WPBC) is a discretely presented component unit of the City of Wichita that acquires and finances assets for the City of Wichita or other governmental units. The liabilities of the WPBC are revenue bonds issued to finance the public assets, secured with proceeds from direct financing leases which are recorded as assets of the WPBC. Changes in assets and liabilities reflect the declining balances on the direct financing leases and the corresponding debt.

**Primary government revenue:** Combined revenue of the primary government decreased \$38.3 million in 2012 with the most significant reduction in governmental capital contributions, the result of fewer projects financed through special assessments in the current year.

Charges for services of governmental activities declined \$7.2 million and were partially offset with increases in general revenues. Major revenue sources for governmental activities continue to be taxes. Property, sales and franchise taxes contributed 57.6% of the 2012 revenue, with charges for services contributing 10.6%.

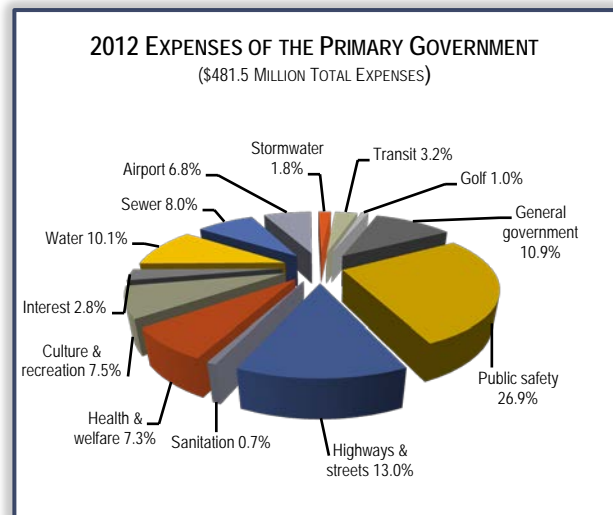
Revenue from charges for services of business-type activities increased \$3.6 million, offset with decreases in grants and contributions. Program revenue in the Water and Sewer Utilities included rate increases to provide adequate resources based on sales volume and to finance future infrastructure needs. Airport revenue increased with the mid-year addition of customer facility charges collected by car rental agencies operating on Airport property. Charges for services in the Stormwater Utility decreased in 2012 after significant increases in 2011. Over the last two years, the Utility has been auditing the base on which customers are billed and making appropriate adjustments based on their review. Correspondingly, revenue fluctuated with the adjustments but increased overall since 2010.

**Primary government expenses:** Proportionally illustrated in the chart on the next page, expenses of the primary government totaled \$481.5 million, an increase of \$11.7 million above the 2011 level. Before transfers, the cost of governmental activities increased \$2.4 million, while the cost of the business-type activities increased \$9.3 million.

Net Position – Wichita Public Building Commission As of December 31 (in millions of dollars)		
	2012	2011
Current and other assets	\$ 12.8	\$ 15.9
Capital assets	-	-
Total assets	12.8	15.9
Non-current liabilities	11.2	14.0
Other liabilities	1.6	1.9
Total liabilities	12.8	15.9
Net position:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
Total net position	\$ -	\$ -

In governmental activities, expenses for highways and streets rose, reflecting an increased acquisition of right-of-way for the expansion of the east-west freeway system. The cost of public safety services also rose due to higher pension costs and the acquisition of new radios for all emergency first responders. Reduced expenses were recorded in general government and culture and recreation, offsetting the higher costs for public safety and highways and streets.

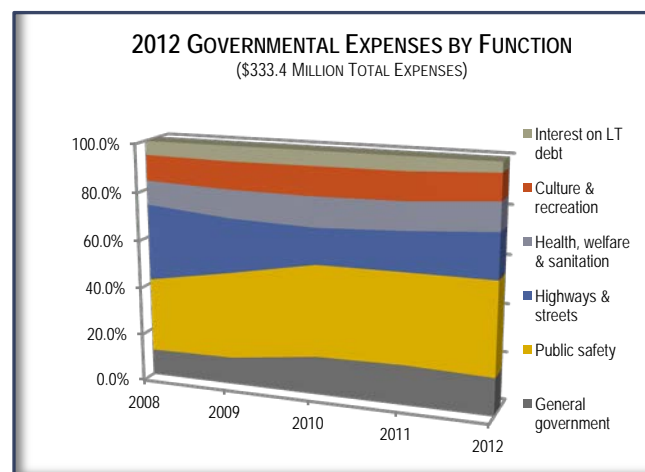
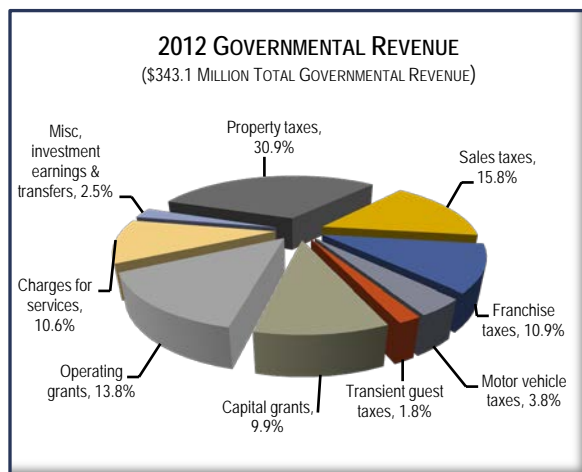
In the business-type activities, the Airport recorded the greatest cost increase due to interest expense on new debt and depreciation on new Airport assets. The Stormwater Utility also recorded significant cost increases for major maintenance and rehabilitation of its asset network. The Water and Sewer Utilities controlled expenses with increases of 2.1% and 2.4%, respectively.



**Governmental Activities.** Including transfers, governmental activities yielded an increase in net position of \$9.7 million, compared to a 2011 increase of \$49.2 million. The increase in net position is largely due to investment in new assets, funded partially with grants and other sources. Revenue sources are illustrated in the following chart accompanied by a historical graph of governmental expenses.

As cash is available, the City uses a mix of long-term financing and cash to finance capital projects, manage debt capacity and to minimize the cost of long-term financing. In 2012, the City drew on cash restricted to pay for construction of freeways and arterial streets, reducing the cash reserves by \$10.0 million. Concurrently, projects funded with special assessments fluctuated downward. The net results from operations and capital activities increased the City's net investment in capital assets by \$43.7 million.

Public safety, primarily police and fire services, continued as a priority, representing 38.9% of the governmental expenses in 2012. Highways and streets represented the next largest cost group at 18.7% with general government representing 15.7%. Within the general government function, economic development expenditures increased, offset by reduced costs of municipal court and detention services. Essential maintenance on City facilities continued to ensure assets remain in good repair.



The table on the following page summarizes the revenues and expenses that contributed to the increase in the net position of the primary government.

Changes in Net Position – Primary Government For the Year Ended December 31 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 36.4	\$ 43.6	\$ 164.1	\$ 160.5	\$ 200.5	\$ 204.1
Operating grants and contributions	47.4	50.4	6.7	7.2	54.1	57.6
Capital grants and contributions	33.9	60.3	15.4	20.4	49.3	80.7
General revenues						
Property taxes	105.9	105.1	-	-	105.9	105.1
Sales taxes	54.1	54.9	-	-	54.1	54.9
Franchise taxes	37.4	36.7	-	-	37.4	36.7
Motor vehicle taxes	13.1	12.9	-	-	13.1	12.9
Transient guest taxes	6.1	6.0	-	-	6.1	6.0
Investment earnings	0.5	1.0	3.8	3.8	4.3	4.8
Miscellaneous	5.7	7.4	2.1	0.7	7.8	8.1
Total revenues	<u>340.5</u>	<u>378.3</u>	<u>192.1</u>	<u>192.6</u>	<u>532.6</u>	<u>570.9</u>
<b>Expenses</b>						
General government	52.5	55.2	-	-	52.5	55.2
Public safety	129.7	125.5	-	-	129.7	125.5
Highways and streets	62.5	54.2	-	-	62.5	54.2
Sanitation	3.5	3.7	-	-	3.5	3.7
Health and welfare	35.4	34.8	-	-	35.4	34.8
Culture and recreation	36.1	38.3	-	-	36.1	38.3
Interest on long-term debt	13.7	19.3	-	-	13.7	19.3
Water	-	-	48.6	47.6	48.6	47.6
Sewer	-	-	38.6	37.7	38.6	37.7
Airport	-	-	32.6	26.7	32.6	26.7
Stormwater	-	-	8.5	7.0	8.5	7.0
Golf	-	-	4.6	4.6	4.6	4.6
Transit	-	-	15.2	15.2	15.2	15.2
Total expenses	<u>333.4</u>	<u>331.0</u>	<u>148.1</u>	<u>138.8</u>	<u>481.5</u>	<u>469.8</u>
Excess before transfers	7.1	47.3	44.0	53.8	51.1	101.1
Transfers	<u>2.6</u>	<u>1.8</u>	<u>(2.6)</u>	<u>(1.8)</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>\$ 9.7</u>	<u>\$ 49.1</u>	<u>\$ 41.4</u>	<u>\$ 52.0</u>	<u>\$ 51.1</u>	<u>\$ 101.1</u>

**Business-type Activities.** The net position of the business-type activities increased \$41.4 million from operations. Capital assets increased \$22.3 million with 95.5% of the increase in the Water Utility. The Water Utility furthered investment in the future water supply by continuing construction of the aquifer storage and recharge (ASR) project. Despite a slightly lower volume of sales, the water rate increase implemented in 2012, generated slightly higher revenue. The Sewer Utility, also with a rate increase in 2012, generated an additional 4.3% in charges for services, utilized for operations and capital maintenance.

The Airport Fund began construction of a new terminal building in June 2012, with much of the infrastructure and utility upgrades completed in 2011. Customer Facility Charges (CFC's) were authorized in 2012 by the City Council. CFC's are collected from car rental agencies operating on Airport property and account for the increase in charges for services. The CFC charges are designated to pay for the construction of a customer parking facility at Mid-Continent Airport. In addition, improvements on Airport property are made by tenants, financed through special facility revenue bonds and secured by direct

financing leases. In 2012, \$49.3 million of special facility revenue bonds were retired ahead of schedule, reducing outstanding Airport debt and the Airport's investment in direct financing leases.

The Stormwater Utility slowed capital construction as current projects neared completion. Bond anticipation notes outstanding at the end of 2011 were converted into long-term debt in 2012. Compared to 2011, the Utility recorded an increase of \$0.5 million in net position on slightly lower operating revenue and higher operating costs generated by maintenance on system assets.

The net position of the Golf Fund rose almost \$1.0 million, with an increase in operating revenues due to a higher number of rounds played in 2012. The net position of the Transit Fund declined by \$1.7 million. The cash position continued to be supported with temporary interfund loans. Improvement, however, is expected with increased grant awards beginning in 2013 providing a broader range of services qualifying for grant reimbursement.

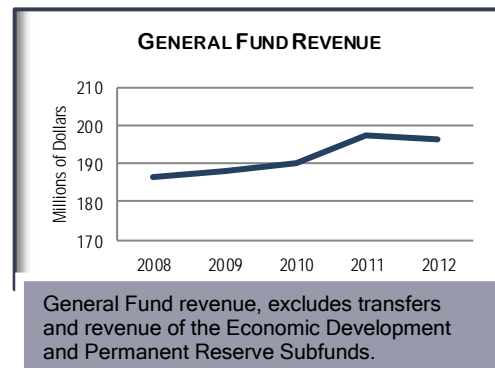
### ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental Funds.** The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and budgetary compliance. The governmental funds reported a combined ending fund balance of \$154.0 million compared to \$139.2 million at the close of 2011.

The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2012, the unassigned fund balance of the General Fund and its combined subfunds was \$24.3 million, representing 10.5% of the 2013 combined appropriations.

Revenue of the General Fund and its subfunds, excluding transfers, is \$1.4 million less than in 2011. Changes in major revenue sources were as follows:

- Property taxes, including property tax on motor vehicles, rose \$1.3 million due to increased collection of delinquent taxes and due to growth of 0.8% in current year taxes.
- Local sales tax increased \$1.2 million.
- Franchise tax revenue increased \$0.6 million.
- Intergovernmental transfers from the State of Kansas, consisting of liquor tax and gas tax, provided a combined \$16.2 million in 2012, compared with \$16.1 million in 2011.
- Charges for services and sales decreased \$1.4 million. The largest declines occurred in charges for administration of industrial revenue bonds, charges for pavement cuts and from the sale of obsolete property. On a positive note, revenue rose as a result of increased attendance at popular theatre productions and recreation attractions, offsetting declines in other areas.



Expenditures of the General Fund and the combined subfunds, excluding transfers, totaled \$200.4 million or \$1.7 million below 2011. The 2011 budget focused on sustaining operations while containing costs within available resources. This focus was maintained as operations in 2012 continued to seek opportunities for increased efficiency. The table on the following page illustrates expenditures by function over the past five years and the average annual growth rate over the last four years.



General Fund Expenditures by Function Fiscal years 2008 through 2012 (dollars in millions)						
	2008	2009	2010	2011	2012	Four Year Average Annual Growth
General government	\$ 29.1	\$ 28.0	\$ 28.8	\$ 30.9	\$ 30.5	1.2%
Public safety	107.5	108.5	112.3	114.5	117.3	2.2%
Highways and streets	22.1	20.9	19.1	22.4	18.1	(4.9%)
Sanitation	2.6	2.7	3.0	2.9	2.6	-
Health and welfare	3.9	4.0	4.0	3.4	3.6	(2.0%)
Culture and recreation	28.0	29.1	28.7	28.0	28.3	0.3%
Total expenses	\$ 193.2	\$ 193.2	\$ 195.9	\$ 202.1	\$ 200.4	0.9%

Information for 2008 through 2010 restated to reflect GASB 54 fund consolidations implemented in 2011.

The Debt Service Fund reflects an increase in fund balance of \$28.5 million for 2012. A portion of the City's mill levy continues to be redirected to the General Fund to sustain core services during the economic downturn. The City continued to take advantage of low interest rates, refinancing existing debt when economically advantageous. In 2012, refunding bonds totaling \$51.3 million were issued to refund debt issued in past years at higher interest rates. Premiums on refunding bonds totaled \$7.9 million, in addition to premiums on new issues of \$2.1 million. At the end of 2012, the Debt Service Fund held \$96.3 million in escrowed cash for refunded bonds to complete refinancing at the earliest dates possible. As cash becomes available, it is utilized to fund projects in lieu of long-term financing. In 2012, cash from the Debt Service Fund financed projects totaling \$22.8 million.

Expenditures in the Street Improvement Fund increased \$36.8 million from 2011. Temporary notes retired totaled \$7.6 million with \$13.5 million outstanding at the end of the year. Expenditures for construction activity totaled \$81.6 million compared to \$51.2 million in 2011. Intergovernmental revenue increased \$4.0 million to \$11.4 million in 2012, which reflected the first year of increased intergovernmental revenue since 2006.

In other governmental funds, cash decreased \$11.4 million in capital project funds as a result of funding freeway and arterial street projects. In 2012, the Local Sales Tax CIP fund used cash totaling \$21.4 million to fund projects, compared to \$6.5 million in 2011. Expenditures for public improvements remained at the level of \$19.2 million. Most significant were infrastructure investments in WaterWalk and Douglas Place, both private-public partnership development projects. Improvements continued to the City's convention venue, along with full scale replacement of mobile radios, repairs and essential major maintenance to City facilities.

Revenue and expenditures in the special revenue funds remained stable with two notable differences. First, tax increment financing districts created to fund infrastructure for development were reclassified in accordance with Government Accounting Standard 54 as subfunds of the Debt Service Fund, shifting tax revenue out of the special revenue funds. Second, intergovernmental revenue declined 10.9% from 2011 levels, most significantly for regional transportation planning and for low income housing assistance.

**Proprietary Funds.** The combined net position of the proprietary funds rose 4.2% in 2012, primarily from increases in the net positions of the Utilities. Rate increases for the Water and Sewer Utilities were implemented to ensure adequate resources for operations, capital maintenance and capital investment. The Water Utility increased capital assets by \$21.3 million and reduced the Utility's long-term debt by \$6.8 million.

The Sewer Utility focused on operations, maintenance and system rehabilitations, increasing its net position by \$6.0 million. Notably, cash reserves in the Sewer Utility increased by \$11.3 million in 2012 as long-term debt in the form of revenue bonds decreased by almost \$1.0 million.

Mid-Continent Airport, serving commercial airlines, and Jabara Airport, serving smaller aircraft, are operated from the Airport Fund. The net position of the Airport Fund increased \$3.4 million during 2012. The Airport has been constructing the necessary runway and utility improvements in preparation for a new terminal. Ground breaking for the new terminal took place in 2012, which will be funded from general

obligation bonds, passenger facility charges, and grants. The adjacent parking garage will also be financed with general obligation bonds, which will be repaid from the customer facility charges collected by car rental agencies operating on Airport property or other available Airport revenues.

Tenants on Airport property often finance improvements with special facility revenue bonds, secured with direct financing leases. In 2012, \$49.3 million of special facility revenue bonds were retired prior to their original maturity, significantly reducing the long-term debt of the Airport Fund and the corresponding direct financing lease. Retirement of the debt does not void the lease agreement, which expires in 29 years.

The Stormwater Utility is funded from fees paid by customers with the last rate increase in 2007. The Utility operates eleven pump stations, which move excess surface water from heavy rains. The Utility also maintains the Wichita-Valley Center Floodway, a levee system that redirects excess river water around the City. Capital contributions provided an 80% increase in net position in 2011. As projects near completion, a corresponding lower level of capital contributions was recorded in 2012. Higher expenditures in the Stormwater Utility reflect maintenance costs associated with maintaining the storm sewer network.

The Golf Fund recorded increased revenue generated by 13.1% more rounds played in 2012, exceeding the rounds played each year since 2006, and strengthening the Fund's cash position. An interfund loan with a long-term repayment plan remains in place. A strategic plan was developed in 2012, including authorization for targeted improvements funded from general property taxes.

The Transit Fund implemented a rate increase in late 2011 to offset rising operating costs and to begin replenishing cash after several years of capital investment. Transit generated 7.8% more revenue in 2012 despite reduced fixed route and paratransit ridership. Operating costs were held to a 1.4% increase. Local resources provided approximately 50% of the revenue for transit operations in 2012 with the balance of funding from Federal and State grants.

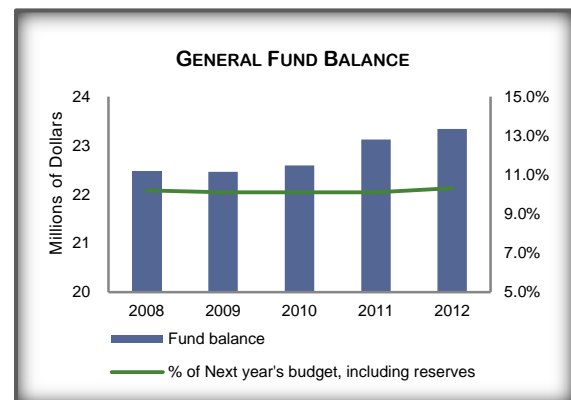
**General Fund Budgetary Highlights.** Total revenue at year end fell short of projections in the original and final budgets, decreasing 0.5% from 2011 revenue. The most significant change in revenue is a decrease in reimbursed expenditures, resulting from a 2011 reimbursement for a one-time retirement incentive to eligible employees. Also notable, sales tax revenue increased 4.7%, an indicator of economic improvement.

Beginning in 2010, property tax was shifted from the Debt Service Fund to the General Fund for operations. The shift in property tax revenue supports vital services and maintains the emergency reserve while the City adapts operations and services to current resources. The 2013 Adopted Budget restores a portion of the mill levy back to the Debt Service Fund for capital purposes.

Expenditures in 2012 were \$9.8 million less than the original and final budgets. Despite increases in the public safety and the health and welfare functions, expenditures, excluding transfers, were 1.6% or \$3.1 million lower than in 2011.

On a budgetary basis, the General Fund ended 2012 with a fund balance of \$23.3 million, reflecting an increase of \$212,029.

Net Position of Proprietary Funds (dollars in thousands)		
	2012	2011
Water Utility	\$ 418,538	\$ 385,424
Sewer Utility	270,806	264,807
Airport	177,040	173,662
Stormwater Utility	138,461	137,967
Golf Course System	1,006	954
Transit	16,144	17,860
Total	\$ 1,021,995	\$ 980,674



### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of 2012, the City of Wichita reported \$2.6 billion in capital assets net of depreciation. Assets are acquired through the City's direct investment, grants and from street and right-of-way dedications. Capital assets, net of depreciation, increased \$59 million or 2.3% during 2012, compared to an increase of \$113 million or 4.6% during 2011. Approximately 63% of the increase in 2012 occurred in governmental funds and 37% in proprietary funds. Additional information on changes in capital assets can be found in Note 6 to the Financial Statements.

Capital Assets Net of Depreciation As of December 31 (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2012	2011	2012	2011	2012	2011	
Land	\$ 261	\$ 243	\$ 41	\$ 40	\$ 302	\$ 283	6.7%
Airfield	-	-	43	36	43	36	19.4%
Buildings & improvements	219	224	921	873	1,140	1,097	3.9%
Equipment	30	36	47	42	77	78	(1.3%)
Infrastructure	555	565	-	-	555	565	(1.8%)
Construction in progress	92	52	404	443	496	495	0.2%
Total	\$ 1,157	\$ 1,120	\$ 1,456	\$ 1,434	\$ 2,613	\$ 2,554	2.3%

Major capital asset investments in the business-type activities include the following projects:

- Phase II of the aquifer recharge program totaling \$21.6 million.
- Water well-field improvements totaling \$1.9 million.
- Automated water meter project totaling \$1.6 million.
- Sanitary sewer reconstruction and rehabilitation totaling \$4.7 million.
- Mid-Continent terminal construction totaling \$6.4 million.
- Airport fuel farm relocation totaling \$2.8 million.
- Learjet parking lot improvements totaling \$3.7 million.
- Jabara airfield pavement rehabilitation totaling \$1.2 million.

Major capital asset additions in governmental activities include the following projects:

- Major arterial streets, including freeway expansion and interchange improvements totaling \$32.5 million.
- Bridge improvements totaling \$29.6 million, including the Lincoln Street bridge and dam project that incorporated a fish ladder and a boat passage for safe navigation around the dam.
- Neighborhood paving projects totaling \$3.0 million.
- Improvements to the City's convention center totaled \$1.0 million.
- Park improvements of \$1.7 million, including equipment at the Wichita Ice Center, infrastructure work at the new Kingsbury Park site, and additional improvements at Wichita's botanical gardens.
- Economic development projects totaling \$7.5 million including the final stages of construction and installation of the WaterWalk fountains in the East Bank District, in addition to construction of the pocket park and parking garage adjacent to the new Ambassador Hotel.
- Repairs and improvements to existing City buildings totaling \$3.2 million, ensuring assets are well maintained and provide for efficient operations.
- Replacement of mobile radios for all first responders totaling \$3.8 million.
- Replacement of heavy fleet equipment and fire apparatus totaling \$1.4 million.

**Long-term Debt.** The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools are general obligation bonds based on the full faith and credit of the City and revenue bonds based on the future earnings of the business-type activities. In 2011 and 2012, the City committed 7.5 mills of the total mill levy to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds include

arterial streets, bridges, parks and other public improvements. Capital financing costs are also repaid from enterprise, internal service and special revenue funds, using a combination of resources, including a dedicated portion of the county-wide local sales tax.

The City adopts a ten-year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita holds a “AA+” rating from Standard and Poor’s and a rating of Aa1 from Moody’s Investor Service. The Water and Sewer Utilities currently hold a AA- rating from Standard and Poor’s.

At year-end, the City had \$1,005.4 million in outstanding bonds, as shown in the table below. The City also held \$221.2 million in general obligation temporary notes, of which \$160.0 million were held in the Water Utility Fund, \$183,950 were held in the Stormwater Utility Fund, and \$61.0 million were held in governmental capital project funds. Bonded debt of the City of Wichita decreased by a net of \$28.7 million overall.

General Obligation and Revenue Bonds As of December 31 (in millions of dollars)						
Revenue source	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Ad valorem property taxes	\$ 77.8	\$ 69.5	\$ -	\$ -	\$ 77.8	\$ 69.5
Special assessments	254.9	269.6	-	-	254.9	269.6
Tax increment	23.5	20.5	-	-	23.5	20.5
Transient guest tax	1.1	2.0	-	-	1.1	2.0
Local sales tax	152.4	123.5	-	-	152.4	123.5
G.O. and revenue	-	-	484.5	535.0	484.5	535.0
Wichita Public Building Commission	-	-	11.2	14.0	11.2	14.0
Total	\$ 509.7	\$ 485.1	\$ 495.7	\$ 549.0	\$ 1,005.4	\$ 1,034.1

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30% of the equalized tangible valuation. The 2012 limitation for the City was \$1.0 billion, with a legal debt margin of \$879.7 million. More detailed information regarding long-term debt is located in Note 9 to the Financial Statements, in the Additional Information Section and in the Statistical Section of this report.

### ECONOMIC FACTORS AND NEXT YEAR’S BUDGET<sup>1</sup>

Measured by unemployment, the local economy fared better than the national economy through most of the recession, with Wichita’s average annual unemployment rate lower than the nation’s. Wichita’s 2012 unemployment rate was the lowest since 2008 and was 0.4% below the 2012 national level.

Like in other areas of the nation, the unemployment rate affects the demand for new housing. As the unemployment rate has declined, the demand for new housing has increased. The total number of homes sold, both new and existing, increased 9.4% from 2011 to 2012 and the number of new residential building permits increased by 1% in 2012. While nonresidential construction increased 17.3% in 2011, a decrease of 23.8% was recorded in 2012. The community continues, however, to see signs that nonresidential construction continues to strengthen. The Wichita Downtown Development Corp. indicates that \$112 million in projects are under construction or soon will begin construction. An important project to downtown is the development of Wichita’s historic Union Station. The new owners announced plans for a multimillion dollar destination attraction with retail, restaurants, hospitality and office space. Plans for redevelopment of Exchange Place and the Bitting buildings are estimated to be a \$60 million project that will include a

<sup>1</sup>Economic information was drawn from information compiled by Wichita State University, Center for Economic Development and Business Research.

parking garage, office and retail spaces, as well as 230 new residential units. A total of five residential projects are under construction in the downtown area that will provide an additional 506 living units. Projects completed in 2012 include a new hotel, new office and retail space, a new parking garage and a new YMCA.

The Wichita Downtown Development Corp., an organization funded by the underlying self-supporting municipal improvement district, used grant funds to renovate space for a new Innovation Center, a place where economic developers can collaborate and share ideas. In addition, Sedgwick County has received federal approval to use a simplified process to establish foreign trade zones which is expected to enhance economic development in the four-county Wichita MSA.

Retail trade activity in the Wichita area generated increased general sales tax in 2012 for the second consecutive year, indicating improved consumer confidence and an improved local economy. New retailers opened stores in Wichita in 2012 with Cabela's opening in March, and Natural Grocers Fresh Market, an upscale grocery chain, opening in June. Marshalls and Academy Sports & Outdoors also opened in 2012, and Walmart opened its sixth neighborhood market. Three new CVS pharmacies are planned for Wichita, some already under construction. A growing trend for shopping malls in the area is the introduction of more non-retail business into vacant space. In the four-county metropolitan area, a museum, performing arts, physical therapy, optometrists or a career college are likely to be intermingled with retail stores in local malls.

Average Annual Unemployment Rate <sup>2</sup>			
	Wichita	Wichita MSA	Nation
2008	4.8%	4.3%	5.8%
2009	8.9%	8.1%	9.3%
2010	9.7%	8.9%	9.6%
2011	8.9%	8.1%	8.9%
2012	7.7%	7.0%	8.1%

The Wichita City Council decided in June 2011 to move forward with the construction of a new terminal at Wichita's Mid-Continent Airport. A groundbreaking ceremony was held on June 13, 2012 for the new two-story, 273,000 square-foot terminal. The state-of-the-art facility, which won the "Gold Award in the Unbuilt Category" from the International Interior Design Association, will be capable of accommodating two million passengers annually with the potential for an easy expansion to accommodate 2.4 million passengers annually. The \$160 million terminal is scheduled to open in early 2015.

Southwest Airlines has committed to serving the Wichita market with five daily flights beginning in June 2013. Two flights daily are scheduled to Dallas Love Field, two to Chicago Midway and one to Las Vegas. Serving west bound passengers is United Airlines who began providing daily nonstop flights to Los Angeles in May 2013. The positive developments at Wichita's airport have the potential to attract more visitors and business to the Wichita area.

Increased home sales, retail expansion, commercial development and a declining unemployment rate are indicators pointing to recovery from the recent recession. Change and uncertainty are always components of an economy, but at this time in Wichita, many positive signs are on the horizon.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with such an interest. Additional information is provided within the Notes to the Financial Statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Wichita, Kansas, 455 North Main Street, 12th Floor, Wichita, KS 67202.

<sup>2</sup>Unemployment statistics reflect revisions made by the Kansas Department of Labor to the data as originally reported.

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET POSITION

December 31, 2012

	Primary Government			Component Unit
	Governmental	Business-Type		Wichita Public
	Activities	Activities	Total	Building
				Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 261,277,426	\$ 46,887,307	\$ 308,164,733	\$ -
Investments	3,631,986	-	3,631,986	-
Receivables (net)	360,246,517	17,750,925	377,997,442	-
Internal balances	5,042,220	(5,042,220)	-	-
Prepaid items	85,174	566,951	652,125	-
Inventories	840,669	2,426,729	3,267,398	-
Due from other agencies	830,639	1,365,299	2,195,938	-
Notes receivable	5,411,199	-	5,411,199	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	175,158,224	175,158,224	-
Investments	-	-	-	2,524,312
Receivables	-	-	-	191,578
Net investment in direct financing leases	-	11,370,000	11,370,000	10,134,371
Permanently restricted:				
Cash and cash equivalents	235,437	-	235,437	-
Other assets	-	2,919,992	2,919,992	-
Capital assets:				
Land and construction in progress	352,255,443	444,498,894	796,754,337	-
Other capital assets, net of depreciation	804,487,272	1,011,683,015	1,816,170,287	-
Total capital assets	1,156,742,715	1,456,181,909	2,612,924,624	-
<b>Total assets</b>	<b>1,794,343,982</b>	<b>1,709,585,116</b>	<b>3,503,929,098</b>	<b>12,850,261</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	25,544,675	10,853,365	36,398,040	-
Accrued interest payable	4,627,368	5,779,182	10,406,550	191,578
Temporary notes payable	50,595,868	160,183,950	210,779,818	-
Deposits	986,329	4,083,406	5,069,735	-
Unearned revenue	96,591,654	3,734,288	100,325,942	-
Due to other agencies	4,365	-	4,365	1,276,192
Noncurrent liabilities, including claims payable:				
Due within one year	85,706,152	29,700,661	115,406,813	2,890,000
Due in more than one year	541,117,810	472,503,181	1,013,620,991	8,330,000
Other liabilities	-	-	-	162,491
<b>Total liabilities</b>	<b>805,174,221</b>	<b>686,838,033</b>	<b>1,492,012,254</b>	<b>12,850,261</b>
<b>NET POSITION</b>				
Net investment in capital assets	659,114,239	820,105,004	1,479,219,243	-
Restricted for:				
Capital projects	38,986,319	32,308,457	71,294,776	-
Debt service	277,226,306	-	277,226,306	-
Revenue bond covenants	-	131,942,499	131,942,499	-
Cemetery:				
Expendable	554,461	-	554,461	-
Nonexpendable	235,437	-	235,437	-
Other purposes	11,134,894	-	11,134,894	-
Unrestricted	1,918,105	38,391,123	40,309,228	-
<b>Total net position</b>	<b>\$ 989,169,761</b>	<b>\$ 1,022,747,083</b>	<b>\$ 2,011,916,844</b>	<b>\$ -</b>



# CITY OF WICHITA, KANSAS

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2012

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
<b><u>Functions/Programs</u></b>			
Primary government:			
General government	\$ 52,537,584	\$ 14,210,528	\$ 2,086,857
Public safety	129,684,380	7,093,472	3,595,214
Highways and streets	62,483,952	4,422,548	14,418,735
Sanitation	3,566,984	1,102,972	-
Health and welfare	35,358,039	4,110,356	23,445,317
Culture and recreation	36,089,853	5,493,698	3,867,130
Interest on long-term debt	13,676,062	-	-
Total governmental activities	<u>333,396,854</u>	<u>36,433,574</u>	<u>47,413,253</u>
Business-type activities:			
Water	48,613,083	80,087,629	-
Sewer	38,577,484	45,978,906	-
Airport	32,651,261	22,111,836	-
Stormwater	8,539,428	9,057,240	-
Transit	15,151,664	2,145,671	6,689,129
Golf Course System	4,593,945	4,726,213	-
Total business-type activities	<u>148,126,865</u>	<u>164,107,495</u>	<u>6,689,129</u>
Total primary government	<u>\$ 481,523,719</u>	<u>\$ 200,541,069</u>	<u>\$ 54,102,382</u>
Component unit:			
Wichita Public Building Commission	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### General revenues:

Property taxes

Sales taxes

Franchise taxes

Motor vehicle taxes

Transient guest taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ 918,906	\$ (35,321,293)	\$ -	\$ (35,321,293)	\$ -
455,067	(118,540,627)	-	(118,540,627)	-
32,495,655	(11,147,014)	-	(11,147,014)	-
-	(2,464,012)	-	(2,464,012)	-
-	(7,802,366)	-	(7,802,366)	-
-	(26,729,025)	-	(26,729,025)	-
-	(13,676,062)	-	(13,676,062)	-
<u>33,869,628</u>	<u>(215,680,399)</u>	<u>-</u>	<u>(215,680,399)</u>	<u>-</u>
3,052,124	-	34,526,670	34,526,670	-
1,423,359	-	8,824,781	8,824,781	-
10,344,045	-	(195,380)	(195,380)	-
452,959	-	970,771	970,771	-
108,552	-	(6,208,312)	(6,208,312)	-
-	-	132,268	132,268	-
<u>15,381,039</u>	<u>-</u>	<u>38,050,798</u>	<u>38,050,798</u>	<u>-</u>
<u>\$ 49,250,667</u>	<u>(215,680,399)</u>	<u>38,050,798</u>	<u>(177,629,601)</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
105,873,525	-	105,873,525	-	-
54,095,496	-	54,095,496	-	-
37,406,752	-	37,406,752	-	-
13,116,021	-	13,116,021	-	-
6,099,845	-	6,099,845	-	-
529,848	3,812,668	4,342,516	-	-
5,683,014	2,138,445	7,821,459	-	-
2,566,190	(2,566,190)	-	-	-
<u>225,370,691</u>	<u>3,384,923</u>	<u>228,755,614</u>	<u>-</u>	<u>-</u>
9,690,292	41,435,721	51,126,013	-	-
<u>979,479,469</u>	<u>981,311,362</u>	<u>1,960,790,831</u>	<u>-</u>	<u>-</u>
<u>\$ 989,169,761</u>	<u>\$ 1,022,747,083</u>	<u>\$ 2,011,916,844</u>	<u>\$ -</u>	<u>-</u>

# CITY OF WICHITA, KANSAS

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2012

	General Fund	Debt Service Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 42,334,671	\$ 18,325,399	\$ -	\$ 59,919,193	\$ 120,579,263
Cash with fiscal agent	-	96,312,051	-	-	96,312,051
Investments	-	-	-	3,631,986	3,631,986
Receivables, net:					
Property taxes	71,493,820	23,480,051	-	-	94,973,871
Due from other agencies	-	-	-	830,639	830,639
Special assessments	-	254,955,000	-	-	254,955,000
Accounts	2,779,348	47	1,577,435	6,336,388	10,693,218
Due from other funds	785,000	4,614,240	-	28,763,599	34,162,839
Notes receivable	-	4,916,199	-	495,000	5,411,199
Inventories	56,241	-	-	21,886	78,127
Prepaid items	-	-	-	56,896	56,896
<b>Total assets</b>	<b>\$ 117,449,080</b>	<b>\$ 402,602,987</b>	<b>\$ 1,577,435</b>	<b>\$ 100,055,587</b>	<b>\$ 621,685,089</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and other liabilities	\$ 13,154,363	\$ -	\$ 5,046,865	\$ 3,336,553	\$ 21,537,781
Accrued interest payable	-	-	13,309	36,341	49,650
Temporary notes payable	-	-	13,545,207	37,050,661	50,595,868
Deposits	734,141	-	62,876	189,312	986,329
Due to other agencies	-	-	-	4,365	4,365
Due to other funds	-	-	21,629,800	7,133,799	28,763,599
Deferred revenue	72,393,754	288,258,737	-	5,060,511	365,713,002
<b>Total liabilities</b>	<b>86,282,258</b>	<b>288,258,737</b>	<b>40,298,057</b>	<b>52,811,542</b>	<b>467,650,594</b>
Fund balances (deficits):					
Nonspendable	841,241	-	-	314,219	1,155,460
Restricted	-	114,344,250	-	66,502,189	180,846,439
Committed	-	-	-	25,205,552	25,205,552
Assigned	6,034,671	-	-	-	6,034,671
Unassigned	24,290,910	-	(38,720,622)	(44,777,915)	(59,207,627)
<b>Total fund balances (deficits)</b>	<b>31,166,822</b>	<b>114,344,250</b>	<b>(38,720,622)</b>	<b>47,244,045</b>	<b>154,034,495</b>
<b>Total liabilities and fund balances</b>	<b>\$ 117,449,080</b>	<b>\$ 402,602,987</b>	<b>\$ 1,577,435</b>	<b>\$ 100,055,587</b>	<b>\$ 621,685,089</b>

The accompanying notes to the financial statements are an integral part of this statement.

# CITY OF WICHITA, KANSAS

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2012

Amounts reported for governmental activities in the statement of net position are different because:

<b>Total fund balance - governmental funds</b>		<b>\$ 154,034,495</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 1,560,725,224	
Accumulated depreciation	<u>(411,331,453)</u>	1,149,393,771
Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General obligation bonds payable	254,721,304	
Special assessment bonds payable	254,955,000	
Premium on bonds payable	25,590,196	
Deferred refunding on bonds payable	(2,737,023)	
Accrued interest payable on the bonds	4,577,718	
Section 108 Loan	350,000	
Bond anticipation notes	10,465,182	
Accreted interest	713,615	
Compensated absences	8,896,804	
Other post employment benefits	10,644,248	
Environmental remediation liability	20,074,092	
Liability for landfill closure and postclosure costs	22,541,297	
Legal liability	2,284,556	
Liability for termination benefits	<u>784,887</u>	(613,861,876)
The amount due from proprietary funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		4,614,240
Accounts receivable not considered available to liquidate liabilities of the current period are deferred in the funds. They are recorded as revenue in the entity-wide statements.		8,704,887
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement is completed.		254,955,000
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		<u>31,329,244</u>
<b>Total net position - governmental activities</b>		<b><u>\$ 989,169,761</u></b>

The accompanying notes to the financial statements are an integral part of this statement.

# CITY OF WICHITA, KANSAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

For the year ended December 31, 2012

	General Fund	Debt Service Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 86,154,616	\$ 28,321,131	\$ -	\$ 10,613,643	\$ 125,089,390
Special assessments	-	32,799,940	324,889	202,451	33,327,280
Franchise taxes	37,406,752	-	-	-	37,406,752
Local sales tax	26,174,792	20,587	1,627,000	26,273,117	54,095,496
Intergovernmental	16,192,511	-	11,431,096	33,432,927	61,056,534
Licenses and permits	2,546,327	-	-	4,881,015	7,427,342
Fines and penalties	10,469,494	-	-	6,326	10,475,820
Rentals	2,732,893	122,282	-	1,881,998	4,737,173
Sale of property	-	184,600	-	-	184,600
Interest earnings	300,882	193,462	5	56,709	551,058
Charges for services and sales	8,351,755	-	-	2,295,660	10,647,415
Other	7,330,279	375,444	1,619,368	3,476,092	12,801,183
Total revenues	197,660,301	62,017,446	15,002,358	83,119,938	357,800,043
<b>EXPENDITURES</b>					
Current:					
General government	30,506,017	-	-	4,137,145	34,643,162
Public safety	117,209,524	-	-	9,524,257	126,733,781
Highways and streets	18,105,735	-	-	79,961	18,185,696
Sanitation	2,624,743	-	-	1,097,141	3,721,884
Health and welfare	3,639,489	-	-	28,494,799	32,134,288
Culture and recreation	28,295,742	-	-	2,764,993	31,060,735
Debt service:					
Principal retirement	-	51,764,944	7,565,628	6,592,230	65,922,802
Interest and fiscal charges	-	19,854,012	45,480	127,224	20,026,716
Capital outlay	-	-	81,650,198	28,309,069	109,959,267
Total expenditures	200,381,250	71,618,956	89,261,306	81,126,819	442,388,331
Excess (deficiency) of revenues over (under) expenditures	(2,720,949)	(9,601,510)	(74,258,948)	1,993,119	(84,588,288)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term capital debt	-	-	44,771,428	12,508,753	57,280,181
Issuance of refunding bonds	-	51,325,000	-	-	51,325,000
Premiums on bonds sold	-	2,104,958	-	-	2,104,958
Premiums on refunding bonds	-	7,897,600	-	-	7,897,600
Payments on refunded bonds	-	(22,490,000)	-	-	(22,490,000)
Transfers from other funds	15,653,610	21,983,833	25,566,030	32,651,585	95,855,058
Transfers to other funds	(12,499,803)	(22,756,015)	-	(57,283,942)	(92,539,760)
Total other financing sources (uses)	3,153,807	38,065,376	70,337,458	(12,123,604)	99,433,037
Net change in fund balances	432,858	28,463,866	(3,921,490)	(10,130,485)	14,844,749
Fund balances - beginning	30,733,964	85,880,384	(34,799,132)	57,374,530	139,189,746
Fund balances - ending	\$ 31,166,822	\$ 114,344,250	\$ (38,720,622)	\$ 47,244,045	\$ 154,034,495

The accompanying notes to the financial statements are an integral part of this statement.

**CITY OF WICHITA, KANSAS**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

<b>Net change in position in total governmental funds</b>		<b>\$ 14,844,749</b>
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.		
Depreciation expense	\$ (30,237,133)	
Net capital asset acquisition	<u>69,179,942</u>	38,942,809
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of capital assets sold.		529,214
In the statement of activities, transfers of capital assets to governmental activities from business-type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no inward flow of current financial resources.		977,419
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(108,605,182)
Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net position.		(10,002,558)
The amortization of bond premiums decrease the long term liabilities in the statement of net position but do not provide current financial resources to governmental funds.		6,417,958
Deferred bond refunding costs reduce current financial resources to governmental funds and do not decrease long-term liabilities in the statement of net position.		129,756
The amortization of refunding costs increases the long term liabilities in the statement of net position but do not provide current financial resources to governmental funds.		(758,604)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds	29,761,768	
Special assessment bonds	43,815,000	
Bond anticipation notes	14,157,857	
Section 108 Housing & Urban Development loan	<u>330,000</u>	88,064,625
Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net position.		348,177
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		83,057
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities.		326,442
Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(2,147,789)
Special assessments are not considered available to liquidate liabilities of the current period and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed.		(14,675,000)
In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities		608,882
In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due.		608,243
In the statement of activities, an expense is recorded for post employment benefits other than pensions when earned. In the governmental funds an expense is recorded when the benefits are paid.		(1,629,786)
In the statement of activities, proceeds from notes receivable are recognized when realizable and earned. In the governmental funds, the revenue is deferred until funds are received.		(276,019)
In the statement of activities, environmental remediation reimbursements are recognized when realizable and earned. In the governmental funds, the revenue is deferred until funds are received.		(439,946)
In the statement of activities, an expense is recorded for environmental remediation obligations when the expected outlay is reasonably estimable. In the governmental funds, an expense is recorded when paid.		(3,952,090)
In the statement of activities, an expense is recorded for termination benefits other than pensions when earned. In the governmental funds, an expense is recorded when benefits are paid.		<u>295,935</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 9,690,292</u></b>

The accompanying notes to the financial statements are an integral part of this statement.



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# CITY OF WICHITA, KANSAS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Taxes	\$ 85,778,669	\$ 85,778,669	\$ 86,154,616	\$ 375,947
Franchise taxes	40,058,706	40,058,706	37,406,752	(2,651,954)
Local sales tax	25,412,487	25,412,487	26,174,792	762,305
Intergovernmental	16,741,600	16,741,600	16,192,511	(549,089)
Licenses and permits	2,808,918	2,808,918	2,546,327	(262,591)
Fines and penalties	11,503,595	11,503,595	10,469,494	(1,034,101)
Rentals	2,494,390	2,494,390	2,243,685	(250,705)
Interest earnings	2,150,000	2,150,000	300,882	(1,849,118)
Charges for services and sales	10,496,824	10,496,824	8,040,194	(2,456,630)
Other	8,926,750	8,926,750	6,995,187	(1,931,563)
Total revenues	206,371,939	206,371,939	196,524,440	(9,847,499)
<b>EXPENDITURES</b>				
Current:				
General government	31,151,621	31,151,621	26,954,797	4,196,824
Public safety	117,240,224	117,240,224	117,214,730	25,494
Highways and streets	23,638,262	23,638,262	17,569,487	6,068,775
Sanitation	2,945,074	2,945,074	2,624,743	320,331
Health and welfare	3,718,103	3,718,103	3,664,889	53,214
Culture and recreation	29,290,322	29,290,322	27,954,716	1,335,606
Total expenditures	207,983,606	207,983,606	195,983,362	12,000,244
Excess (deficiency) of revenues over (under) expenditures	(1,611,667)	(1,611,667)	541,078	2,152,745
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	11,540,935	11,540,935	10,181,762	(1,359,173)
Transfers to other funds	(9,929,268)	(9,929,268)	(10,510,811)	(581,543)
Total other financing sources (uses)	1,611,667	1,611,667	(329,049)	(1,940,716)
Net change in fund balances	-	-	212,029	212,029
Fund balance - beginning	22,592,677	22,592,677	23,124,934	532,257
Fund balance - ending	\$ 22,592,677	\$ 22,592,677	\$ 23,336,963	\$ 744,286

The accompanying notes to the financial statements are an integral part of this statement.

The 2012 certified expenditure budget is \$229,137,874 including an appropriated reserve of \$11,225,000.

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2012

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 6,442,256	\$ 4,339,565	\$ 23,603,144
Receivables, net	17,306,337	43,344	384,009
Due from other agencies	-	-	620,090
Inventories	2,017,204	100,310	-
Prepaid items	1,054	543,593	22,304
Restricted assets:			
Cash and temporary investments	16,515,900	12,373,476	15,287,271
Net investment in direct financing leases	-	-	60,000
Total current assets	<u>42,282,751</u>	<u>17,400,288</u>	<u>39,976,818</u>
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	110,954,342	20,027,235	-
Net investment in direct financing leases	-	-	11,310,000
Capital assets:			
Land	10,087,112	4,148,484	17,676,746
Airfield	-	-	150,077,289
Buildings	63,940,602	107,788,455	55,143,138
Improvements other than buildings	477,799,139	372,196,437	48,435,573
Machinery, equipment and other assets	49,013,673	48,295,737	22,541,355
Construction in progress	277,437,733	30,381,067	56,240,068
Less accumulated depreciation	(192,416,494)	(137,810,689)	(186,964,535)
Total capital assets (net of accumulated depreciation)	<u>685,861,765</u>	<u>424,999,491</u>	<u>163,149,634</u>
Other assets	1,838,486	1,081,506	-
Due from other funds	-	-	-
Total noncurrent assets	<u>798,654,593</u>	<u>446,108,232</u>	<u>174,459,634</u>
Total assets	<u>\$ 840,937,344</u>	<u>\$ 463,508,520</u>	<u>\$ 214,436,452</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 11,457,828	\$ 1,044,514	\$ 46,887,307	\$ 44,621,549
-	17,235	17,750,925	471,648
-	745,209	1,365,299	-
-	309,215	2,426,729	762,542
-	-	566,951	28,278
-	-	44,176,647	-
-	-	60,000	-
11,457,828	2,116,173	113,233,858	45,884,017
-	-	130,981,577	-
-	-	11,310,000	-
6,422,369	2,608,718	40,943,429	-
-	-	150,077,289	-
4,191,106	15,309,346	246,372,647	83,320
125,021,216	14,987,635	1,038,440,000	74,907
5,109,430	21,630,893	146,591,088	41,764,629
37,692,904	1,803,782	403,555,554	-
(20,486,379)	(32,120,001)	(569,798,098)	(34,573,912)
157,950,646	24,220,373	1,456,181,909	7,348,944
-	-	2,919,992	-
-	-	-	394,500
157,950,646	24,220,373	1,601,393,478	7,743,444
\$ 169,408,474	\$ 26,336,546	\$ 1,714,627,336	\$ 53,627,461

(Continued)

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET POSITION (CONTINUED)

### PROPRIETARY FUNDS

December 31, 2012

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 3,161,061	\$ 1,520,862	\$ 4,833,301
Accrued interest payable	344,333	-	262,582
Temporary notes payable	160,000,000	-	-
Deposits	4,057,716	7,305	16,011
Current portion of long-term obligations:			
General obligation bonds payable	-	-	520,000
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	521,973	302,856	488,475
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	101,081
Accrued interest payable	2,969,495	2,083,182	-
Revenue bonds payable	13,546,405	10,290,294	60,000
Total current liabilities	<u>184,600,983</u>	<u>14,204,499</u>	<u>6,281,450</u>
Noncurrent liabilities:			
Unearned revenue	-	-	3,734,288
Due to other funds	-	-	-
General obligation bonds payable (net of unamortized premium and deferred refunding costs)	-	-	16,065,000
Revenue bonds payable (net of unamortized premium and deferred refunding costs)	237,793,676	178,495,229	11,310,000
Claims payable	-	-	-
Compensated absences	4,807	2,789	5,439
Total noncurrent liabilities	<u>237,798,483</u>	<u>178,498,018</u>	<u>31,114,727</u>
Total liabilities	<u>422,399,466</u>	<u>192,702,517</u>	<u>37,396,177</u>
<b>NET POSITION</b>			
Net investment in capital assets	284,542,146	238,786,543	146,564,634
Restricted for:			
Capital projects	16,865,091	125,352	15,287,271
Revenue bond covenants	104,322,899	27,619,600	-
Unrestricted	12,807,742	4,274,508	15,188,370
Total net position	<u>418,537,878</u>	<u>270,806,003</u>	<u>177,040,275</u>
Total net position and liabilities	<u>\$ 840,937,344</u>	<u>\$ 463,508,520</u>	<u>\$ 214,436,452</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 132,510	\$ 1,104,550	\$ 10,752,284	\$ 1,722,337
111,254	8,336	726,505	-
183,950	-	160,183,950	-
-	2,374	4,083,406	-
2,935,033	620,000	4,075,033	-
-	-	-	7,968,964
-	-	-	153,151
113,622	302,003	1,728,929	370,868
-	-	101,081	-
-	-	5,052,677	-
-	-	23,896,699	-
<u>3,476,369</u>	<u>2,037,263</u>	<u>210,600,564</u>	<u>10,215,320</u>
-	-	3,734,288	-
-	5,793,740	5,793,740	-
27,470,358	1,355,000	44,890,358	-
-	-	427,598,905	-
-	-	-	11,325,390
549	334	13,918	5,987
<u>27,470,907</u>	<u>7,149,074</u>	<u>482,031,209</u>	<u>11,331,377</u>
<u>30,947,276</u>	<u>9,186,337</u>	<u>692,631,773</u>	<u>21,546,697</u>
127,966,307	22,245,374	820,105,004	7,195,793
-	30,743	32,308,457	-
-	-	131,942,499	-
<u>10,494,891</u>	<u>(5,125,908)</u>	<u>37,639,603</u>	<u>24,884,971</u>
<u>138,461,198</u>	<u>17,150,209</u>	<u>1,021,995,563</u>	<u>32,080,764</u>
<u>\$ 169,408,474</u>	<u>\$ 26,336,546</u>	<u>\$ 1,714,627,336</u>	<u>\$ 53,627,461</u>

Total net position \$ 1,021,995,563

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities

751,520

Net position of business-type activities

\$ 1,022,747,083

# CITY OF WICHITA, KANSAS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the year ended December 31, 2012

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 80,060,993	\$ 45,972,137	\$ 2,803,280
Fees	-	-	3,337,405
Rentals	26,636	6,769	15,971,151
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	63,603	23,497	720,934
Total operating revenues	<u>80,151,232</u>	<u>46,002,403</u>	<u>22,832,770</u>
<b>OPERATING EXPENSES</b>			
Personnel services	9,190,191	9,028,684	8,193,428
Contractual services	11,581,018	7,200,267	3,243,681
Materials and supplies	4,846,906	3,317,309	4,327,157
Cost of materials used	-	-	-
Other	554,363	468,170	766,382
Administrative charges	1,095,996	290,213	248,661
Franchise taxes and payments in lieu of delinquent specials	3,977,359	2,204,451	-
Depreciation	10,523,870	9,369,863	11,202,715
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>41,769,703</u>	<u>31,878,957</u>	<u>27,982,024</u>
Operating income (loss)	<u>38,381,529</u>	<u>14,123,446</u>	<u>(5,149,254)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Operating grants	-	-	-
Gain on investments	34,670	-	3,777,998
Other revenues (expenses)	14,575	(235,595)	(144,294)
Interest expense	(6,901,734)	(6,450,903)	(4,592,788)
Gain (loss) from sale of assets	299,710	(1,585,350)	55,477
Actuarial loss reserve adjustment	-	-	-
Bond premium amortization	554,847	510,090	-
Total nonoperating revenues (expenses)	<u>(5,997,932)</u>	<u>(7,761,758)</u>	<u>(903,607)</u>
Income (loss) before contributions and transfers	32,383,597	6,361,688	(6,052,861)
Capital contributions and operating transfers:			
Capital contributions - cash	2,681,400	1,200,911	10,344,045
Capital contributions - non cash	370,724	222,448	-
Transfers from other funds	-	-	-
Transfers to other funds	<u>(2,322,457)</u>	<u>(1,786,153)</u>	<u>(912,820)</u>
Increase (decrease) in net position	33,113,264	5,998,894	3,378,364
Net position - beginning	<u>385,424,614</u>	<u>264,807,109</u>	<u>173,661,911</u>
Total net position - ending	<u>\$ 418,537,878</u>	<u>\$ 270,806,003</u>	<u>\$ 177,040,275</u>

The accompanying notes to the financial statements are an integral part of this statement.



Business-type Activities - Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 9,057,240	\$ 2,674,362	\$ 140,568,013	\$ 16,274,166
-	3,170,407	6,507,812	-
-	1,027,115	17,031,671	8,508,164
-	-	-	33,002,750
-	-	-	9,002,027
75,418	76,304	959,756	1,856,387
9,132,658	6,948,188	165,067,251	68,643,494
2,113,433	9,259,123	37,784,859	7,256,167
2,711,572	4,514,282	29,250,820	6,567,317
395,578	3,045,362	15,932,312	8,357,074
-	-	-	237,509
-	-	1,788,915	-
136,136	608,047	2,379,053	690,956
-	-	6,181,810	-
2,277,493	2,117,716	35,491,657	4,132,019
-	-	-	33,056,106
-	-	-	4,736,054
7,634,212	19,544,530	128,809,426	65,033,202
1,498,446	(12,596,342)	36,257,825	3,610,292
-	6,689,129	6,689,129	-
-	-	3,812,668	-
(39,529)	(58,974)	(463,817)	(6,930)
(880,548)	(127,709)	(18,953,682)	(18,718)
24,339	(35,890)	(1,241,714)	32,177
-	-	-	(3,923,448)
64,152	-	1,129,089	-
(831,586)	6,466,556	(9,028,327)	(3,916,919)
666,860	(6,129,786)	27,229,498	(306,627)
457,959	108,552	14,792,867	-
-	-	593,172	294,321
-	4,467,580	4,467,580	250,000
(630,421)	(110,179)	(5,762,030)	(2,270,848)
494,398	(1,663,833)	41,321,087	(2,033,154)
137,966,800	18,814,042	980,674,476	34,113,918
\$ 138,461,198	\$ 17,150,209	\$ 1,021,995,563	\$ 32,080,764

Increase in net position per fund statements

\$ 41,321,087

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

114,634

Change in net position of business-type activities

\$ 41,435,721

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2012

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 77,704,753	\$ 45,991,727	\$ 22,369,655
Cash payments to suppliers for goods and services	(22,212,160)	(9,954,680)	(5,334,478)
Cash payments to employees for services	(9,147,661)	(9,036,494)	(8,142,394)
Franchise taxes and payments in lieu of delinquent specials	(3,977,359)	(2,204,451)	-
Other operating revenues	63,603	23,497	720,934
Other operating expenses	-	-	(144,294)
Net cash provided by (used in) operating activities	<u>42,431,176</u>	<u>24,819,599</u>	<u>9,469,423</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants received	-	-	-
Interfund loans	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(2,322,457)	(1,786,153)	(912,820)
Net cash provided by (used in) noncapital financing activities	<u>(2,322,457)</u>	<u>(1,786,153)</u>	<u>(912,820)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Retirement of temporary notes	-	-	(3,735,282)
Issuance of capital debt	7,234,500	9,990,500	-
Premiums on bonds sold	237,544	339,106	-
Bond issuance costs paid	(25,755)	(36,770)	-
Additions (deductions) to property, plant and equipment	(26,297,159)	(4,684,548)	(19,010,446)
Debt service - principal	(14,087,632)	(10,712,229)	(495,000)
Debt service - interest	(11,127,108)	(7,669,595)	(821,208)
Proceeds from sale of assets	-	-	59,250
Capital contributions	2,681,400	1,031,111	9,723,955
Net cash provided by (used in) capital and related financing activities	<u>(41,384,210)</u>	<u>(11,742,425)</u>	<u>(14,278,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	34,670	-	3,614
Net cash provided by investing activities	<u>34,670</u>	<u>-</u>	<u>3,614</u>
Net increase (decrease) in cash and temporary investments	(1,240,821)	11,291,021	(5,718,514)
Cash and temporary investments - January 1	<u>135,153,319</u>	<u>25,449,255</u>	<u>44,608,931</u>
Cash and temporary investments - December 31	<u>\$ 133,912,498</u>	<u>\$ 36,740,276</u>	<u>\$ 38,890,417</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 9,057,240	\$ 6,982,038	\$ 162,105,413	\$ 66,359,626
(3,347,978)	(8,974,514)	(49,823,810)	(53,057,386)
(2,113,204)	(9,262,106)	(37,701,859)	(7,278,180)
-	-	(6,181,810)	-
75,418	76,304	959,756	1,856,387
(39,529)	-	(183,823)	-
3,631,947	(11,178,278)	69,173,867	7,880,447
-	6,930,379	6,930,379	-
-	110,000	110,000	-
-	4,467,580	4,467,580	250,000
(630,421)	(110,179)	(5,762,030)	(2,270,848)
(630,421)	11,397,780	5,745,929	(2,020,848)
(10,380,625)	-	(14,115,907)	-
11,015,000	-	28,240,000	-
462,352	-	1,039,002	-
-	-	(62,525)	-
(2,042,739)	514,509	(51,520,383)	(1,096,420)
(2,251,038)	(241,824)	(27,787,723)	(356,429)
(961,206)	(130,228)	(20,709,345)	(18,718)
31,524	-	90,774	127,716
457,959	108,552	14,002,977	-
(3,668,773)	251,009	(70,823,130)	(1,343,851)
-	-	38,284	-
-	-	38,284	-
(667,247)	470,511	4,134,950	4,515,748
12,132,260	574,003	217,917,768	40,105,801
\$ 11,465,013	\$ 1,044,514	\$ 222,052,718	\$ 44,621,549

(Continued)

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS (CONTINUED)

### PROPRIETARY FUNDS

For the year ended December 31, 2012

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 38,381,529	\$ 14,123,446	\$ (5,149,254)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	10,523,870	9,369,863	11,202,715
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,674,249)	12,822	382,426
Increase in inventory	229,477	23,511	-
Increase in prepaid items	-	494,852	5,914
(Decrease) increase in accounts payable/accrued expenses	(4,363,354)	802,915	3,101,197
(Decrease) increase in deposits	291,373	-	-
(Decrease) in deferred revenue	-	-	(124,609)
(Decrease) increase in compensated absences	42,530	(7,810)	51,034
Total adjustments	4,049,647	10,696,153	14,618,677
Net cash provided by (used in) operating activities	\$ 42,431,176	\$ 24,819,599	\$ 9,469,423

#### **Supplemental Schedule of Non-Cash Investing and Financing Activities**

Assets contributed by benefit districts	\$ 1,980,288	\$ 1,031,111	\$ -
Contribution of capital assets	299,710	-	-
Capital contributed for capital purposes	701,112	-	-
Increase in net investment in direct financing leases	-	-	50,650,000
Decrease in revenue bonds payable	-	-	(50,650,000)
Increase in interest receivable on direct financing leases	-	-	445,000
Decrease in accrued interest payable on revenue bonds	-	-	(445,000)
Interest income on investment in direct financing leases	-	-	3,774,383
Interest expense on revenue bonds payable	-	-	(3,774,383)

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Totals	Internal Service Funds
<u>\$ 1,498,446</u>	<u>\$ (12,596,342)</u>	<u>\$ 36,257,825</u>	<u>\$ 3,610,292</u>
2,277,493	2,117,716	35,491,657	4,132,019
-	149,523	(2,129,478)	(427,482)
-	-	252,988	(19,319)
-	-	500,766	(12,278)
(144,221)	(845,147)	(1,448,610)	619,227
-	(1,044)	290,329	-
-	-	(124,609)	-
<u>229</u>	<u>(2,984)</u>	<u>82,999</u>	<u>(22,013)</u>
<u>2,133,501</u>	<u>1,418,064</u>	<u>32,916,042</u>	<u>4,270,154</u>
<u><u>\$ 3,631,947</u></u>	<u><u>\$ (11,178,278)</u></u>	<u><u>\$ 69,173,867</u></u>	<u><u>\$ 7,880,447</u></u>
-			
\$ -	\$ -	\$ 3,011,399	\$ -
-	-	299,710	294,321
457,959	-	1,159,071	-
-	-	50,650,000	-
-	-	(50,650,000)	-
-	-	445,000	-
-	-	(445,000)	-
-	-	3,774,383	-
-	-	(3,774,383)	-

# CITY OF WICHITA, KANSAS

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2012

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and temporary investments	\$ 688,185	\$ 3,043,526
Receivables:		
Investment sales pending	19,633,886	-
Interest and dividends	3,274,133	-
Accounts	270,886	838,750
Total receivables	<u>23,178,905</u>	<u>838,750</u>
Investments, at fair value:		
Government short-term investment fund	37,565,592	-
Government securities: long-term	36,499,693	2,054,331
Corporate debt instruments: long-term	91,288,031	-
Mortgage and asset-backed securities	79,564,424	-
Corporate stocks: domestic common	344,858,224	-
Corporate stocks: international common	164,666,572	-
Real estate	35,359,015	-
Timber	20,972,647	-
Value of interest in pooled funds: commodities	24,753,450	-
Value of interest in pooled funds: domestic fixed income	559,574	-
Value of interest in pooled funds: international fixed income	7,299,453	-
Value of interest in pooled funds: high yield fixed income	6,724,761	-
Value of interest in pooled funds: U.S. TIPS	27,003,264	-
Value of interest in pooled funds: domestic equities	84,912,237	-
Value of interest in pooled funds: international equities	45,658,039	-
Securities lending short-term collateral investment pool	62,150,482	-
Total investments	<u>1,069,835,458</u>	<u>2,054,331</u>
Capital assets:		
Pension software	1,295,837	-
Accumulated depreciation	(822,683)	-
Capital assets net of depreciation	<u>473,154</u>	<u>-</u>
Total assets	<u>1,094,175,702</u>	<u>5,936,607</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	1,055,499	887,908
Compensated absences	-	-
Investment purchases pending	20,170,425	-
Security lending obligations	62,150,482	-
Deposits	-	5,048,699
Total liabilities	<u>83,376,406</u>	<u>5,936,607</u>
<b>NET POSITION</b>		
Held in trust for:		
Employees' pension benefits	1,010,799,296	-
Total net position	<u>\$ 1,010,799,296</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

# CITY OF WICHITA, KANSAS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the year ended December 31, 2012

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 21,773,893
Employee	8,076,620
Total contributions	<u>29,850,513</u>
Investment income:	
<i>From investment activities</i>	
Net appreciation in fair value of investments	101,025,900
Interest and dividends	24,546,555
Commission recapture	39,052
Total investment earnings	<u>125,611,507</u>
Less investment expense	<u>5,140,267</u>
Net income from investing activities	<u>120,471,240</u>
<i>From securities lending activities</i>	
Securities lending income	<u>418,509</u>
Securities lending activities expenses:	
Borrower rebates	(187,662)
Management fees	176,934
Total securities lending activities expenses	<u>(10,728)</u>
Net income from securities lending activities	<u>429,237</u>
Total net investment income	<u>120,900,477</u>
Transfers from other funds	<u>2,025,607</u>
Total additions	<u>152,776,597</u>
<b>DEDUCTIONS</b>	
Pension benefits	60,743,700
Pension administration	865,333
Depreciation	178,749
Employee contributions refunded	1,658,577
Transfers to other funds	<u>2,025,607</u>
Total deductions	<u>65,471,966</u>
Change in net position	87,304,631
Net position - beginning	<u>923,494,665</u>
Net position - ending	<u><u>\$ 1,010,799,296</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



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**1. Summary of Significant Accounting Policies****A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Units - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund. Separate audited financial statements are not prepared by the Wichita Airport Authority.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Public Building Commission.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position on page A-17 and the statement of changes in net position on page A-18) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable

and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as unearned revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund. Funds certified to the State of Kansas and reported as subfunds of the General Fund are the Permanent Reserve Fund, the Ice Rink Fund and the Economic Development Fund. Schedules for the certified funds and subfunds are presented as supplemental information in the Governmental Funds Section of this report.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants, sewer laterals and mains.

The Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The Stormwater Utility Fund accounts for the acquisition, design, construction, maintenance and operation of the City's surface drainage system.

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System—Plan 3, all of which accumulate resources for pension benefits for qualified employees.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. Agency funds account for payroll liabilities, prepayments of special assessments, special neighborhood revitalization funds, and payments in lieu of taxes related to industrial revenue bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Eliminations of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, U.S. government and agency securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds, except the pension trust funds and the component unit, are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. The pension trust funds invest in real estate through real estate investment trusts, timber through limited partnerships, Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. The fair value of real estate and timber investments are estimated using the net asset value of the shares owned in each fund. Investments that do not have an established market are reported at their estimated fair value.

F. Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as unearned revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and

held by the State on behalf of the City at year-end are not due and receivable until the ensuing year. Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds. The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds.

State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as unearned revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary funds, are recorded as expenditures during the year of purchase. Inventories are valued utilizing the average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

<b>Assets Classification</b>	<b>Estimated Useful Life</b>
Buildings and improvements	1-100
Improvements other than buildings	1-85
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Airfields	1-20

Capital assets of the primary government and its component unit are depreciated using the straight-line method. Estimated useful lives of asset categories are listed in the accompanying table.

K. Franchise Taxes

Franchise taxes are collected from utilities for use right of ways. Annually, the Water Utility and Sewer Utility pay to the General Fund of the City franchise taxes in an amount not to exceed 5% of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment; consequently, there is no liability for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for vacation pay is reported in governmental funds only if it has matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Net Positions and Fund Balances

Net positions in the government-wide and proprietary fund financial statements are classified as net investment in capital asset; restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments imposed by law through state statute.

Government Accounting Standard 54, implemented in 2011, changed the reporting classifications of governmental fund balances. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances include amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – The committed portion of fund balance can only be used for the specific purpose imposed by a resolution or ordinance authorized by a majority vote by quorum of the governing body of the City of Wichita. Any changes or removal of specific purposes requires a majority vote by a quorum of the governing body.

Assigned Fund Balance – The assigned portion of the fund balance is that which the City of Wichita intends to use for a specified purpose as directed by the City Council. The portion of the fund balance that is appropriated by the City Council for the next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by the designated senior staff, are included in assigned fund balances. Additional information on encumbrance balances is provided in Note 20 to the financial statements.

Unassigned Fund Balance – The unassigned fund balance represents that portion has not otherwise been restricted, committed or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City of Wichita considers to have spent restricted funds first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to



have been spent first from the committed funds, then assigned funds, and finally unassigned funds, unless the City Council has provided otherwise in its commitment or assignment action.

The City of Wichita has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the City in a manner that available fund balance is at least equal to or greater than 10% of the next year's budgeted expenditures.

P. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, was issued in November 2010. This statement modifies certain requirements for inclusion of component units in the County's financial statements when the component unit was included based on the fiscal dependency requirement. The new statement clarifies the manner in which a government's management determines a component unit should be included, even if the financial accountability criterion is not met. This statement also amends the criteria for reporting component units as if they were a part of the primary government (that is, blending) when the component unit is blended based on the "substantively in the same governing body" criterion. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued in April 2012. GASB Statement No. 65 provides guidance on recognition of deferred outflows and deferred inflows of resources. The provisions of this Statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

GASB Statement No. 66, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, was issued in April 2012. GASB Statement No. 66 provides guidance on the reporting of risk financing activities formerly recognized only in the general fund or internal service fund type. The provisions of this Statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

GASB Statement No. 67, Financial Reporting for Pension Plans, was issued in 2012. GASB Statement 67 revises existing guidance for the financial reports of most pension plans. The Statement enhances reporting requiring additional note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans. Statement 67 also requires presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in ten-year RSI schedules. The provisions of Statement 67 are effective for financial statements for the City's fiscal year ending December 31, 2014.

GASB Statement 68, Accounting and Financial Reporting for Pensions, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Implementation of GASB Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively measure the annual costs of pension benefits. The Statement enhances disclosure requirements in the notes and in required supplementary information by including the amount expected to be the equivalent of the unfunded actuarial accrued liabilities for the Retirement Systems as disclosed in Note 7 to the financial statements. The provisions of GASB Statement 68 are effective for financial statements for the City's fiscal year ending December 31, 2015.

GASB Statement 69, Government Combinations and Disposals of Government Operations, provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. GASB 69 may apply to transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged, including shared service arrangements, reorganizations, redistricting, or arrangements in which an operation is transferred to a new government created to provide those services. This statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of GASB Statement 69 are effective for government combinations and disposals occurring in reporting periods beginning after December 15, 2013 and should be applied on a prospective basis.

## 2. Budgetary Control

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, including the fund for Wichita Area Metropolitan Planning Association, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

1. Preparation of budget for the succeeding calendar year on or before August 1 of each year.
2. Publication of proposed budget on or before August 5 of each year. A minimum of ten days' notice of public hearing, published in local newspaper, on or before August 15 of each year.
3. Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of 10% of the total. The budget for each fund may include a non-appropriated balance not to exceed 5% of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis. Appropriated fund balance reserves are not intended to finance routine expenditures and are reflected in the budgets only to the extent utilized.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another with Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

## 3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances

(purchase orders, contracts, and other commitments) as expenditures for budgetary purposes. Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided in the following table.		Net Change in	Fund
		Fund Balance from Prior Year	Balances at End of Year
	General Fund - GAAP basis	\$ 432,858	\$ 31,166,822
	Increase (decrease) affecting basis:		
	Expenditures due to prior year encumbrances	1,358,767	(1,520,027)
	Cancellation of prior year encumbrances	37,220	26,660
	Expenditures due to current year encumbrances	(511,986)	(512,414)
	Less subfund balances included for GAAP		
	Permanent Reserve Fund	-	(1,821,848)
	Ice Rink Fund	52,964	-
	Economic Development Fund	(1,157,794)	(4,002,230)
	General Fund - budgetary basis	\$ 212,029	\$ 23,336,963



**4. Fund Balance Deficits**

At December 31, 2012, fund balance deficits are shown in the accompanying table. The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2012.

<b>Primary Government</b>	<b>Fund Balance Deficits</b>
Street Improvement fund	\$ 38,720,622
Nonmajor governmental funds	
WAMPO *	7,751
Water Main Extension	828,706
Park Bond Construction	1,767,148
Public Improvement Construction	30,255,066
Sewer Construction	9,385,562
ARRA Projects	2,553,682
Total Reporting Entity	<u>\$ 83,518,537</u>

\*Wichita Area Metropolitan Area Planning Organization

**5. Cash, Investments and Securities Lending**

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent investor rule" as set forth in the Uniform Prudent Investors Act, K.S.A. 58-24a01 *et seq.* and amendments thereto and shall be applied in the context of managing an overall portfolio.

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the City's deposits may not be returned to the City, or the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City. The City requires compliance within the provisions of state law for the collateralization of all deposits and allowable securities are further limited to:

1. Direct obligations of, or obligations insured by, the U.S. government or any agency thereof;
2. Obligations and securities of U.S. sponsored corporations, which under federal law, may be accepted as security for public funds;
3. Bonds of any Kansas municipality that have been refunded and are secured by U.S. obligations;
4. State of Kansas bonds, general obligation bonds or notes of any municipality within the State of Kansas;
5. Approved Kansas municipality revenue bonds;
6. Warrants of any Kansas municipality payable from a mandatory tax levy;
7. Certain Kansas municipality sponsored revenue bonds rated Aa or higher by Moody's Investor service or AA by Standard & Poor's Corporation;
8. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest ratings by a nationally recognized investment rating firm;
9. Approved corporate surety bond having an aggregate value at least equal to the amount of deposits less the amount insured by the federal deposit insurance corporation;
10. Personal bond in double the amount which is on deposit.

Financial institutions are required to pledge or assign for the City's benefit sufficient securities, the market value of which is at least 105% of the total deposits.

As of December 31, 2012, the City had deposits in five banks totaling \$25,781,077 with assets pledged by the banks as collateral with a fair value of \$34,839,160.

State law (K.S.A. 12-1675 and 12-1677b) allows monies, not otherwise regulated by statute, to be invested in the following instruments:

1. Temporary notes or no-fund warrants of the City of Wichita;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years;

3. Repurchase agreements with banks, savings and loan associations and savings banks, or with a primary government securities dealer which reports to the market reports division of the Federal Reserve Bank of New York;
4. United States treasury bills or notes with maturities not exceeding four years;
5. U.S. Government agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations of similar maturities;
6. The municipal investment pool fund established by K.S.A. 12-1677a and amendments thereto;
7. Municipal investment pools established through the trust department of banks which have offices located in Sedgwick County.

A. Pooled Investments of the Primary Government

On December 31, 2012, the City's pooled funds were invested as follows:

Investment type	Book Value	Modified Duration (yrs)	Percent of Total Pooled Funds
U.S. Treasury coupon securities	\$ 4,017,670	0.535	1.3%
U.S. Treasury discount securities	9,494,569	0.375	3.0%
U.S. agency coupon securities	94,113,037	1.058	29.4%
U.S. agency callable securities	7,503,072	1.947	2.3%
U.S. agency discount securities	168,391,089	0.391	52.7%
Municipal Investment Pool-Overnight*	14,094,075	-	4.4%
Collateralized deposits	22,040,072	-	6.9%
Total value	<u>\$ 319,653,584</u>		<u>100.0%</u>
Portfolio modified duration		<u>0.660</u>	

\*The weighted average maturity of the Municipal Investment Pool was 61.2 days at December 31, 2012.

**Interest Rate Risk:** The City of Wichita uses the methodology of modified duration to construct a portfolio of bonds to fund its future cash needs and to disclose the portfolio's exposure to changes in interest rates. The investment policy of the City of Wichita seeks to limit the modified duration of the portfolio to 1.4 years. The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. Additionally, the investment policy limits investments to a maximum stated maturity of four years.

**Credit Risk:** As described earlier in this section, Kansas law limits the types of investments that can be made by the City of Wichita. The City's investment policy does not impose limitations beyond those of the State of Kansas. On December 31, 2012, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held investments in the Kansas Municipal Investment Pool, which is rated AAAs/S1+ by Standard & Poor's.

**Concentration of Credit Risk:** The City's investment policy limits the amount of investments that can be placed with a single U.S. agency to 40% of the total portfolio. Maximum limits, by instrument, are also established for the City's investments of pooled funds and provided in the accompanying table.

Instrument	Maximum
Demand deposits/repurchase agreement	5%
Municipal Investment Pool	15%
Certificates of deposit	100%
Temporary notes	10%
U.S. Treasury notes and bills	100%
U.S. agency obligations	95%
Bullet/Discount	95%
Agency callable	30%
Agency floater	10%

To allow efficient and effective placement of bond proceeds and County tax distributions, the limit of repurchase agreements and deposits with the Municipal Investment Pool may be exceeded up to 50% for a maximum of ten days following receipt of proceeds

during adverse market conditions. Additionally, to allow for investment maturity timing prior to bond payment dates, the limit on repurchase agreements and Municipal Investment Pool deposits may be exceeded up to the amount of the bond payment for a maximum of five days prior to a bond payment date.

At December 31, 2012, the City's investments in pooled funds by issuer are shown in the table at the right.

<b>Investment Type</b>	<b>Book Value</b>	<b>Percent of Total Pooled Funds</b>
U.S. Treasury	\$ 13,512,239	4.2%
Federal Farm Credit Bank	25,499,116	8.0%
Federal Home Loan Bank	101,466,647	31.8%
Federal Home Loan Mortgage Corp.	74,511,957	23.3%
Federal National Mortgage Assoc.	68,529,478	21.4%
Municipal Investment Pool	14,094,075	4.4%
Collateralized deposits	22,040,072	6.9%
Total value	<u>\$319,653,584</u>	<u>100.0%</u>

**B. Investments of the Primary Government Not Pooled**

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in:

1. Investments authorized by K.S.A. 12-1675, and amendments thereto;
2. The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;
3. Direct obligations of the U.S. Government or any agency thereof;
4. Temporary notes of the City of Wichita issued pursuant to K.S.A. 10-123, and amendments thereto;
5. Time deposits with banks and trust companies in Sedgwick County;
6. FNMA, FHLB and FHLMC obligations;
7. Collateralized repurchase agreements;
8. Investment agreements with or other obligations of a financial institution whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's;
9. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB or FHLMC;
10. Certain Kansas municipal bonds.

Although individual bond covenants include certain restrictive provisions regarding the types of investments and their maturities, the City does not have a formal investment policy that addresses interest rate risk, credit risk or concentration of credit risk for the investment of bond proceeds.

On December 31, 2012, revenue bond proceeds for reserve funds and future capital projects of the Water and Sewer Utility Funds were invested as follows:

<b>Investment</b>	<b>Book Value</b>	<b>Modified Duration (yrs)</b>	<b>Percent of Bond Proceeds Investments</b>
U.S. agency discount securities:			
Federal Home Loan Mortgage Corp.	\$18,998,818	0.038	97.2%
Federal Home Loan Bank	541,972	0.038	2.8%
Total value	<u>\$ 19,540,790</u>		<u>100.0%</u>
Total modified duration		<u>0.038</u>	

Additionally, general obligation temporary note proceeds for future capital projects of the Water Utility were invested as follows:

<u>Investment</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Note Proceeds Investments</u>
Municipal Investment Pool-Overnight*	\$ 40,099,640	-	100.0%
Total value	\$ 40,099,640		100.0%
Total modified duration		-	

\*The weighted average maturity of the Municipal Investment Pool was 61.2 days at December 31, 2012.

In accordance with the Code of Federal Regulations, unexpended Passenger Facility revenue of the Airport Authority is held in other interest bearing instruments. As of December 31, 2012, \$14,175,308 was invested with the Municipal Investment Pool – Overnight. The weighted average maturity of the Municipal Investment Pool was 61.2 days at December 31, 2012.

City Ordinance (47-721; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

1. U.S. Government securities;
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's;
3. Not more than 50% may be invested in equity mutual funds.

On December 31, 2012 no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

The City does not maintain a formal investment policy pertaining to investments held in the Airport Authority Fund, Special Assessment Advance Payments Fund, the Cemetery Fund or the Federal and State Assistance Fund for the Wichita Housing Authority. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2012, these Funds held investments in U.S. Government and agency obligations, stocks and money market instruments.

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the Group Life Insurance portfolio to five years.

Credit Risk: City ordinance limits the types of investments of the Group Life Insurance Fund to U.S. Government securities, corporate bonds of A quality or better, as rated by Moody's or Standard & Poor's, and not more than 50% by be invested in equity mutual funds.

C. Investments of the Wichita Public Building Commission

Deposits and investments of \$2,860,675 for the Wichita Public Building Commission are invested by trustees and are held under trust indentures. A formal investment policy is not maintained. On December 31, 2012, \$2,524,312 was invested in Treasury money market funds.

D. Investments of the Pension Trust Funds

City Ordinance (49-036; section 2.28.090) authorizes the Wichita Employees' Retirement System and City Charter Ordinance 215, section 12, authorizes the Police and Fire Retirement System to invest trust fund assets in accordance with the prudent person rule, subject to the following limitations: 1) The proportion of funds invested in corporate preferred and common stock shall not exceed 70%; and (2) the proportion of funds invested in foreign securities shall not exceed 35%. Additionally, the Systems are not permitted to invest directly or indirectly in any:

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10% of the Fund;

2. Private equity, except in a commingled fund-of funds vehicle operated by a registered investment advisor or a bank with the amount of such investment not to exceed 10% of the Fund;
3. Timber, except in a commingled fund vehicle operated by a registered investment advisor or a bank. The amount of such investment shall not exceed 10% of the Fund;
4. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
5. Oil and gas leases or royalties; or
6. Commodities (including, but not limited to, wheat, gold, gasoline, options, or financial futures); provided however, that the restriction on investments contained in this paragraph shall not apply to funds which are invested in a mutual fund, separate account or commingled fund operated by a registered investment advisor or insurance company.

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The pension funds follow an overall strategic allocation policy that includes investments in six asset types: domestic equities, international equities, domestic fixed income, real estate, timber, and commodities.

The investments of the Wichita Retirement Systems (WRS) on December 31, 2012 are listed in the accompanying table.

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool.

Type of Investment	Fair Value
Government short-term investment fund	\$ 37,565,592
Government securities, long-term	36,499,693
Corporate debt instruments, long-term	91,288,031
Mortgage and asset-backed securities	79,564,424
Corporate stocks, domestic common	344,858,224
Corporate stocks, international common	164,666,572
Real estate	35,359,015
Timber	20,972,647
Value of interest in pooled funds, commodities	24,753,450
Value of interest in pooled funds, domestic fixed	559,574
Value of interest in pooled funds, international fixed	7,299,453
Value of interest in pooled funds, high yield fixed	6,724,761
Value of interest in pooled funds, U.S. TIPS	27,003,264
Value of interest in pooled funds, domestic equities	84,912,237
Value of interest in pooled funds, international equities	45,658,039
Securities lending short-term collateral investment pool	62,150,482
Total investments	\$ 1,069,835,458

Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The pension funds also invest in real estate through real estate investment trusts (REITS). The fair values of these investments are estimated using the net asset value of the Systems' shares owned in each trust. Market conditions have had an impact on the estimated fair value of real estate investments. Restrictions on the availability of real estate financing, as well as economic uncertainties, have affected the volume of purchase and sale transactions. As a result, the estimates and assumptions used in determining the fair values of the real estate investments are inherently subject to uncertainty.

**Custodial Credit Risk:** The custodial credit risk for deposits is the risk that in the event of a bank failure, the WRS' deposits may not be recovered. On December 31, 2012, the WRS' cash deposits in the amount of \$688,185 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS' custodial bank, State Street.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. The modified duration methodology estimates the sensitivity of a bond's price to interest rate changes.

The WRS manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issuers selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration for nominal fixed income managers must not be less than 80% nor more than 120% of the duration of the Barclays Capital Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. As of December 31, 2012, the duration of the Index was 5.06 years, which equated to a minimum and maximum range for each fixed income portfolio of 4.05 years and 6.07 years, respectively.

Portfolio duration for Treasury Inflation Protected Securities (TIPS) fixed income managers must not be less than 80% nor more than 120% of the duration of the Barclays Capital US TIPS Index. As of December 31, 2012, the duration of the Index was 8.09 years, which equated to a minimum and maximum range for each TIPS portfolio of 6.47 years and 9.71 years, respectively.

The modified duration of investments on December 31, 2012 is as follows:

Investment Type	Fair Value	Percent of all Fixed Income Assets	Weighted Average Modified Duration (years)
Government securities, long-term	\$ 91,288,031	32.0%	5.4
Corporate debt instruments, long-term	79,564,424	27.8	2.7
Mortgage and asset-backed securities	36,499,693	12.7	7.6
Actively managed investments	207,352,148	72.5	4.8
Government short-term investment fund	37,565,592	13.1	0.1
Pooled domestic fixed income securities	559,574	0.2	5.0
Pooled U.S. TIPS fund	27,003,264	9.4	8.1
Pooled high yield fixed income securities	7,299,453	2.5	5.1
Pooled international fixed income securities	6,724,761	2.3	2.7
Total investment in debt securities	<u>\$286,504,792</u>	<u>100.0%</u>	

**Credit Risk of Debt Securities:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The WRS manage exposure to investment credit risk by adhering to the following policies: (1) For active core domestic fixed income investments, at the time of purchase, bonds and preferred stocks must be rated at least "A2/A/A" or higher using the middle rating of Moody's, Standard and Poor's, and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality; and (2) For core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below "A2/A/A" or equivalent; when determining credit quality, the middle rating of Moody's, Standard and Poor's, and Fitch is used after dropping the highest and



lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality. Throughout 2012, no securities were purchased that were below the established credit quality minimum in the active core portfolio and the weighted average credit quality of the active core plus portfolio did not fall below the established credit quality rating.

The accompanying table shows the debt investments held by the WRS on December 31, 2012 and their respective ratings by Standard and Poor's, or an equivalent nationally recognized statistical rating organization.

Credit risk for investment derivative instruments results from counterparty risk assumed by the WRS. This is essentially the risk that the counterparty to a WRS' transaction will be unable to meet its obligation. Information regarding the WRS' credit risk related to derivatives is found in the derivatives disclosures following in these notes.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity's investment with a single issuer. The WRS' investment in debt securities had no single issuer of investments that represented 5% or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds.

**Derivatives:** Investment derivative instruments are financial contracts for which the value of the contract is dependent on the values of one or more underlying asset, reference rate, or financial index. They include futures contracts, swap contracts, options contracts, rights, and forward foreign currency exchanges. While the WRS has no formal policy specific to investment derivatives, the WRS, through its external investment managers, held a variety of these instruments as of December 31, 2012. The WRS enters into these investment derivative instruments primarily to enhance the performance, reduce the volatility of its investment portfolio, and to manage interest rate risk. The investment derivative instruments held by the WRS on and during the year ended December 31, 2012 are shown in the following table. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the exposure amounts on these instruments are included in the fair value of investments in the Statement of Plan Net Position and the total changes in fair value for the year are included as investment income in the Statement of Changes in Plan Net Position.

Quality Rating	Total Debt Securities
AAA	\$ 11,043,403
AA+	101,535,656
AA	3,014,791
AA-	2,539,679
A+	8,780,200
A	26,024,435
A-	29,703,964
BBB+	12,916,081
BBB	6,679,776
BBB-	4,649,507
BB+	987,555
BB	265,314
BB-	3,158,231
B+	4,016,245
B	687,927
B-	27,900
CCC	2,180,109
CCC-	210,916
CC	946,875
D	1,432,761
NR	575,037
Total credit risk debt securities	221,376,362
Pooled domestic fixed income securities*	559,574
Pooled U.S. TIPS fund**	27,003,264
Government short-term investment fund***	37,565,592
Total investment in debt securities	\$ 286,504,792

\* Pooled domestic fixed income securities funds report average quality ratings of AA2.

\*\* The average quality of the holdings of the U.S. TIPS Fund on December 31, 2012 was AAA.

\*\*\* The average quality of the holdings of the Government Short-Term Investment Fund on December 31, 2012 was A1+P1.

The fair value of derivative investments is based on the exchanges when available. When an exchange is not available, estimated fair values are determined in good faith by using information from J.P. Morgan traders and other

market participants, including methods and assumptions considering market conditions and risks existing at the date of the Statement of Plan Net Position. Such methods and assumptions incorporate standard valuation conventions and techniques, such as discounted cash flow analysis and option pricing models. All methods utilized to estimate fair values result only in general approximations of value.

Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Market Value	Counterparty (Counter-party Rating)
Investment revenue:				
Credit default swap written	\$ 35,399	\$ 588,000	\$ (10,660)	
Fixed income futures long	312,505	7,850,000	-	
Fixed income options written	77,845	-	-	
Futures options written	106,156	-	-	
Rights	9	-	-	
Investment loss:				
Credit default swap bought	(22,734)	1,071,955	6,191	Goldman Sachs & Co (A)
Fixed income futures short	(277,109)	15,550,000	-	
Fixed income options bought	(45,151)	-	-	
Futures options bought	(85,641)	33,000	8,172	
FX forwards	(239,043)	3,174,526	(24,759)	State Street Bank London (A+)
Pay fixed interest rate swaps	(104,870)	3,740,000	-	
Total return bond swap	(50,704)	649,975	-	
	<u>\$ (293,338)</u>	<u>\$ 32,657,456</u>	<u>\$ (21,056)</u>	

**Foreign Currency Risk:** Currency risk arises due to foreign exchange rate fluctuations. The WRS manage the exposure to foreign currency risk by allowing the international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions.

All forward foreign currency contracts are carried at fair value by the WRS. As of December 31, 2012, the Systems held forward currency contracts with an unrealized loss of \$239,043. If held, sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements. The WRS' exposure to foreign currency risk on December 31, 2012 is presented in the accompanying table.

Currency	Cash and cash equivalents	Debt Securities	Equities
Australian dollar	\$ 6,814	\$ -	\$ 10,257,846
Canadian dollar	17,270	-	1,314,537
Danish krone	-	-	1,244,412
Euro	36,566	-	56,290,777
Hong Kong dollar	4,305	-	3,251,059
Japanese yen	-	-	35,425,762
New Zealand dollar	-	-	113,297
Norwegian krone	10,663	-	1,098,766
Pound sterling	116,730	-	35,447,700
Singapore dollar	78,053	-	3,995,224
Swedish krona	-	-	874,618
Swiss franc	25,185	-	14,052,946
International mutual funds	-	7,299,453	45,658,039
Total subject to foreign currency risk	<u>\$ 295,586</u>	<u>\$ 7,299,453</u>	<u>\$ 209,024,983</u>



Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The WRS' custodial bank, State Street, is the lending agent for the Systems' domestic securities for initial collateral of 102% of the market value of the loaned securities, international equity securities for initial collateral of 105% of the market value of such securities, and the initial collateral received for loans of United Kingdom (UK) Gilts shall have a value of at least 102.5% of the market value of such UK Gilts. Collateral may consist of cash (U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, irrevocable bank letters of credit issued by a person other than the securities borrower or affiliate, if determined appropriate by the agent under the securities lending programs it administers and such other collateral as the parties may agree to in writing.

The collateral securities cannot be pledged or sold by the WRS unless the borrower defaults. The lending agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100% of the market value of the loaned securities. Contracts with the lending agent require them to indemnify the WRS, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the WRS for income distributions by the securities' issuers while the securities are on loan.

At year-end, the WRS had no credit risk exposure to borrowers because the amounts the WRS owe the borrowers exceeded the amounts the borrowers owed the Systems. Securities loaned can be terminated on demand by the WRS or the borrower.

All securities loans, whether domestic or international, are open loans and can be terminated on demand by either the system or the borrower. At year-end, loaned securities were secured with cash collateral, securities collateral or letters of credit. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 33 days. The relationship between the maturities of the investment pool and the Wichita Retirement Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Wichita Retirement Systems cannot determine. Also, since securities loans are terminable at will, the duration of the securities loans do not generally match the duration of the investments made with the cash collateral received from the borrower.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the WRS will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the WRS' securities lending policy, \$62,150,482 was held by the counterparty acting as the WRS' agent in securities lending transactions on December 31, 2012.

**6. Capital Assets**

Capital asset activity of the primary government for the year ended December 31, 2012 presented in the following table (expressed in thousands of dollars).

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 242,914	\$ 17,813	\$ (201)	\$ (5)	\$ 260,521
Construction in progress	51,670	49,249	(9,184)	-	91,735
Total capital assets, not being depreciated	<u>294,584</u>	<u>67,062</u>	<u>(9,385)</u>	<u>(5)</u>	<u>352,256</u>
Capital assets, being depreciated:					
Buildings	286,889	271	(257)	-	286,903
Improvements other than buildings	83,949	144	-	1,312	85,405
Machinery, equipment and other assets	106,981	2,806	(3,609)	-	106,178
Infrastructure	762,730	9,177	-	-	771,907
Total capital assets being depreciated	<u>1,240,549</u>	<u>12,398</u>	<u>(3,866)</u>	<u>1,312</u>	<u>1,250,393</u>
Less accumulated depreciation for:					
Buildings	(119,578)	(3,793)	257	-	(123,114)
Improvements other than buildings	(27,265)	(3,016)	-	-	(30,281)
Machinery, equipment and other assets	(70,502)	(8,991)	3,459	-	(76,034)
Infrastructure	(197,908)	(18,569)	-	-	(216,477)
Total accumulated depreciation	<u>(415,253)</u>	<u>(34,369)</u>	<u>3,716</u>	<u>-</u>	<u>(445,906)</u>
Total capital assets, being depreciated, net	<u>825,296</u>	<u>(21,971)</u>	<u>(150)</u>	<u>1,312</u>	<u>804,487</u>
Governmental activities capital assets, net	<u>\$ 1,119,880</u>	<u>\$ 45,091</u>	<u>\$ (9,535)</u>	<u>\$ 1,307</u>	<u>\$ 1,156,743</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 40,565	\$ 374	\$ (1)	\$ 5	\$ 40,943
Construction in progress	443,323	58,428	(98,195)	-	403,556
Total capital assets, not being depreciated	<u>483,888</u>	<u>58,802</u>	<u>(98,196)</u>	<u>5</u>	<u>444,499</u>
Capital assets, being depreciated:					
Airfields	136,796	13,281	-	-	150,077
Buildings	218,918	27,455	-	-	246,373
Improvements other than buildings	995,282	44,511	(41)	(1,312)	1,038,440
Machinery, equipment and other assets	134,402	13,398	(1,209)	-	146,591
Total capital assets being depreciated	<u>1,485,398</u>	<u>98,645</u>	<u>(1,250)</u>	<u>(1,312)</u>	<u>1,581,481</u>
Less accumulated depreciation for:					
Airfields	(100,902)	(6,379)	-	-	(107,281)
Buildings	(103,540)	(4,362)	-	-	(107,902)
Improvements other than buildings	(238,353)	(17,153)	-	-	(255,506)
Machinery, equipment and other assets	(92,600)	(7,598)	1,089	-	(99,109)
Total accumulated depreciation	<u>(535,395)</u>	<u>(35,492)</u>	<u>1,089</u>	<u>-</u>	<u>(569,798)</u>
Total capital assets, being depreciated, net	<u>950,003</u>	<u>63,153</u>	<u>(161)</u>	<u>(1,312)</u>	<u>1,011,683</u>
Business-type activities capital assets, net	<u>\$ 1,433,891</u>	<u>\$ 121,955</u>	<u>\$ (98,357)</u>	<u>\$ (1,307)</u>	<u>\$ 1,456,182</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Fiduciary Activities</b>					
Capital assets, being depreciated:					
Machinery, equipment and other assets	\$ 1,284	\$ 11	\$ -	\$ -	\$ 1,295
Less accumulated depreciation for:					
Machinery, equipment and other assets	(643)	(179)	-	-	(822)
Total capital assets, being depreciated, net	<u>641</u>	<u>(168)</u>	<u>-</u>	<u>-</u>	<u>473</u>
Fiduciary activities capital assets, net	<u>\$ 641</u>	<u>\$ (168)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473</u>

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
<b>Governmental activities:</b>	
General government	\$ 2,658
Public safety	2,500
Highways and streets, including depreciation of general infrastructure assets	19,765
Sanitation	138
Health and welfare	728
Culture and recreation	4,447
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>4,132</u>
Total depreciation expense-governmental activities	<u>\$ 34,368</u>
<b>Business-type activities:</b>	
Water Utility	\$ 10,524
Sewer Utility	9,370
Airport Authority	11,203
Storm Water Utility	2,277
Nonmajor enterprise funds	<u>2,118</u>
Total depreciation expense-business-type activities	<u>\$ 35,492</u>
<b>Fiduciary activities</b>	
Pension Trust Funds	<u>\$ 179</u>

## 7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFRS). Each system is governed by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement Systems (WRS) issue a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for WERS and WPFRS. The financial report may be obtained by writing to the WRS, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

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Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. The fair value of real estate and timber investments is based on independent appraisals. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets: The Boards of Trustees of the Systems have contractual arrangements with independent money managers for investment of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City Ordinances and the Strategic Plan and Investment Policies adopted by the Boards of Trustees. The Boards of Trustees of the Systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment managers.

Reserves and Concentrations of Credit Risks: There are no assets legally reserved for purposes other than the payment of System member benefits. The Systems held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

A. Wichita Employees' Retirement System

Plan Description: The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City Ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City Ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was closed to new entrants with the establishment of Plan 3 by City Ordinance, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of, and amendments to the benefit provisions for the WERS are authorized by the City Council.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2012 was 10.6% of annual covered payroll for both Plans 1 and 2. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2012, the City's annual pension cost of \$6,471,423 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used in this valuation included (a) a rate of return on the investment of present and future assets of 7.75% year compounded annually (3.5% attributable to inflation and 4.25% real rate of return over price inflation), (b) projected salary increases of 4.0% per year compounded annually (3.5% attributable to inflation and 0.5% attributable to productivity), (c) additional projected salary increases ranging from .25% to 3.20% per year,

depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0% per year (non-compounded) after retirement for Plan 1 and 2.0% per year (non-compounded) for Plan 2.

The market value of assets is not used directly in the calculation of the City's contribution rate. An asset valuation method is used to smooth the effect of market fluctuations and determine the value of assets used in the valuation, called the actuarial value of assets. The actuarial value of assets is equal to the expected value (calculated using the actuarial assumed rate of return of 7.75%), plus 25% of the difference between the market and expected value. This is the eleventh year this smoothing method has been used.

With the smoothing method, portions of investment losses are deferred and currently represent about 5% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$26 million loss is expected to have an impact on the future funded ratio and actuarial contribution requirements. If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 91.0% to 86.5% and the actuarially determined contribution rate would increase from 13.2% to 15.7%.

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. The unfunded actuarial liability (surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets. The unfunded actuarial liability (surplus) is amortized as a level percent of projected payroll on an open basis. At December 31, 2012, the amortization period was 20 years.

The funded status for the WERS as of December 31, 2012, the most recent actuarial valuation date, is illustrated in the following table. (Dollars are in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 520,320	\$ 571,805	\$ 51,485	91.0%	\$ 70,783	72.7%

The schedule of funding progress, presented as required supplementary information (following the notes to the financial statements), reflects multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Three Year Trend Information  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/10	\$ 4,529,765	100%	\$ 0
12/31/11	6,596,124	100%	0
12/31/12	6,471,423	100%	0

**B. Wichita Police and Fire Retirement System**

**Plan Description:** The WPFERS consists of three plans Plan A, Plan B, and Plan C 79. The plans were established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City Ordinance on January 1, 1965 and Plan C 79 was established January 1, 1979 by City Ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFERS are authorized by the City Council.

**Funding Policy:** The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. WPFERS members are required to contribute 6% to 8% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2012 was 22.0% of annual covered payroll. The City may provide for

pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WPFRS consulting actuary.

**Annual Pension Cost and Net Pension Obligation:** The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2012, the City's annual pension cost of \$14,113,014 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2010 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used included (a) a rate of return on the investment of present and future assets of 7.75% year compounded annually (3.5% attributable to inflation and 4.25% real rate of return over price inflation), (b) projected salary increases of 4.0% per year compounded annually (3.5% attributable to inflation and 0.5% attributable to productivity), (c) additional projected salary increases ranging from 1.0% to 2.75% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0% per year (non-compounded) commencing 36 months after retirement.

The market value of assets is not used directly in the calculation of the City's contribution rate. An asset valuation method is used to smooth the effect of market fluctuations and determine the value of assets used in the valuation, called the actuarial value of assets. The actuarial value of assets is equal to the expected value (calculated using the actuarial assumed rate of return of 7.75%), plus 25% of the difference between the market and expected value. This is the eleventh year this smoothing method has been used.

With the smoothing method, portions of investment losses are deferred and currently represent about 4% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$22 million loss is expected to have an impact on the future funded ratio and actuarial contribution requirements. If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 90.5% to 86.8% and the actuarially determined contribution rate would increase from 22.4% to 24.7%.

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. The unfunded actuarial liability (surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets. The unfunded actuarial accrued liability (surplus) is amortized as a level percentage of projected payrolls on an open basis. At December 31, 2012, the amortization period was 20 years.

The funded status of WPFRS as of December 31, 2012, the most recent actuarial valuation date, is as follows (dollars in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 533,381	\$ 589,074	\$ 55,693	90.5%	\$ 64,150	86.8%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, reflects multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to actuarial accrued liability for benefits.

Three Year Trend Information SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/10	\$ 13,119,984	100%	\$ 0
12/31/11	13,806,880	100%	0
12/31/12	14,113,014	100%	0

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2012, membership totaled 604. Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7% covered salaries. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service.

Upon completion of seven years of service, employees participating in the Plan will be converted to the WERS Plan 2, a defined benefit plan, unless they make an irrevocable election to remain in Plan 3 within 90 days thereafter. If an employee converts to Plan 2, the employee's Plan 3 account becomes part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2012, employee and employer contributions to Plan 3 totaled \$1,189,456 and \$1,189,456, respectively.

**8. Self-Insurance Fund**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group health insurance, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

Beginning in 2006, the City converted the flexi-funded life insurance program to a fully insured program. For funds paying insurance costs, the contributions are recorded as expenses in the paying fund and revenues in the Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds.

A. Health Insurance

The employee health insurance program is offered to all full-time employees of the reporting entity and their dependents. The health insurance program is open to retirees and dependents up to 65 years of age. The City self-insures health benefits up to \$450,000 per member with a stop-loss secondary coverage for costs above \$450,000. The self-insured prescription drug plan is included in the monthly premium. At December 31, 2012, the City recorded a liability of \$3,184,816 for estimated claims pending. Net position on December 31, 2012 was \$9,427,816.

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, recorded at a confidence level of 90%. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Safety National Corporation. The retention is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2012, the City recorded a liability of \$10,693,230 for estimated probable claims pending. Net position at December 31, 2012 was \$3,108,679.

C. Life Insurance

The life insurance program offered by the City is a fully insured program administered by Standard Insurance Company. The program provides basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.



Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2012, net position totaled \$698,476.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident arises out of City operations. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence for most covered losses, except wind and hail, which is \$2,000,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. The City maintains an excess policy of insurance for federal actions because the limitations under the State's Tort Claims Act do not apply to federal actions. The policy provides coverage of \$10 million with a \$2 million self-insured retention.

At December 31, 2012, the City recorded a liability of \$5,391,308 for pending tort claims at a 90% confidence level and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2012, net position totaled \$6,420,117.

Fund	Claims Paid	Beginning Balance	Changes in Actuarial Estimate	Ending Balance	Short-term Portion
Worker's Compensation					
2011	\$ 2,640,481	\$ 9,875,207	\$ (706,698)	\$ 9,168,509	\$ 2,517,514
2012	3,110,121	9,168,509	1,524,721	10,693,230	2,988,963
General Liability					
2011	2,378,345	2,008,856	1,194,394	3,203,250	1,388,228
2012	1,625,933	3,203,250	2,188,058	5,391,308	1,770,186
Health Insurance					
2011	30,204,871	2,789,789	184,358	2,974,147	2,974,147
2012	32,396,476	2,974,147	210,669	3,184,816	3,184,816

E. Other Postemployment Healthcare Benefits

Description. Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self-Insurance Fund, with the subsidy provided from the Self-Insurance Fund.

Funding Policy. The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100% of the blended premium cost of active employees up to age 60 (including the employer and employee share). Participating retirees between the ages of 60 and 65 are required to contribute 75% of the blended premium cost of active employees (including the employer and employee share).



The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the Self Insurance Fund. In 2012, retired plan members receiving benefits contributed \$2,201,168 to the plan compared to City's contribution of \$2,631,305.

**Annual OPEB Cost and Net OPEB Obligation.**

The City's annual OPEB (other post-employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The companion table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

OPEB Component	Amount
Annual required contribution-amortized liability	\$ 4,401,874
Interest on net OPEB obligation	360,578
Adjustment to annual required contribution	(501,361)
Annual OPEB cost (expense)	4,261,091
Contributions made	(2,631,305)
Increase in net OPEB obligation	1,629,786
Net OPEB obligation January 1, 2012	9,014,462
Net OPEB obligation December 31, 2012	<u>\$ 10,644,248</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is shown in the table below.

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$39,121,258. On December 31, 2011, the covered payroll (annual payroll of active employees covered by the plan) was \$137.3 million, and the ratio of the UAAL to the covered payroll was 28.5%. The City's policy is to fund the benefits on a pay as you go basis from the Self Insurance Fund, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,121,258 on December 31, 2011.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 3,155,185	22.4%	\$ 6,508,935
2011	4,285,819	41.5%	9,014,462
2012	4,261,091	61.7%	10,644,248

Actuarial valuations of the ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, will present, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 3.5% inflation rate implicitly included in the 4% rate of return, which is a blended rate of the expected long-term investment returns on the City's pooled funds and investments. The valuation assumed annual healthcare cost trend rates of 9% declining 7.0% in the first five years and 6.5% to a rate of 5% after five years. The valuation did not include changes in the benefits over the valuation period. The valuation followed generally accepted actuarial methods and included tests as considered necessary to

assure the accuracy of the results. The 2011 UAAL is being amortized on a level dollar basis utilizing an open 30-year period. Prior year UAAL amortizations were amortized on a level dollar basis utilizing a closed 30-year period.

F. Termination Benefits

Description. The City offered a one-time termination incentive to employees eligible for normal or reduced retirement in the Wichita Employees Retirement System between November 1, 2011 and December 24, 2011. Eligible employees were offered a choice between two retirement incentive options: 1) The employee could elect to purchase single or family health insurance at the active employee contribution rate for five years or until the age of 65, whichever comes first or 2) the employee could elect a one-time payment of \$25,000 subject to applicable payroll and tax withholding. Voluntary termination was elected by 104 employees: 47 employees elected the cash payout option and 57 employees elected to continue in the health insurance program. The City funded cash incentives from operations and will fund the health insurance benefits to retirees and their dependents on a pay-as-you-go basis.

The December 31, 2011 actuarial valuation assumed annual healthcare cost trend rates of 9% declining to 7% discounted to the present value utilizing a 4% discount rate. The net present value of the health benefits in governmental funds on December 31, 2011 was \$1,080,822. In 2011, the City recorded one-time termination expenses totaling \$1,175,000. In 2012, \$295,935 of the liability associated with termination benefits was amortized, leaving an unamortized liability of \$784,887.

9. Long-Term Debt

- A. General Obligation Bonds`General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. The bonds generally are issued as 10-year, 15-year or 20-year serial bonds, all with equal amounts of principal maturing each year. General obligation term bonds in the amount of \$16,585,000 are also outstanding and will mature between 2013 and 2041, issued for improvements of the Wichita Airport Authority.

General Obligation Bonds Outstanding on December 31, 2012 (dollars in thousands)		
Payable From	Interest Rates	Amount
Government activities:		
Ad valorem property taxes	1.25% - 6.50%	\$ 77,801
Transient guest tax	4.50% - 6.87%	1,064
Tax increment financing	1.00% - 6.50%	23,466
Local sales tax	2.00% - 5.00%	152,390
Subtotal governmental activities		254,721
Business-type activities:		
Storm Water Utility	2.00% - 5.00%	29,800
Golf Course System	3.00% - 3.25%	1,975
Wichita Airport Authority	1.20%-5.00%	16,585
Subtotal business-type activities		48,360
Total general obligation bonds		\$ 303,081

Annual debt service requirements to maturity for general obligation bonds are presented in the accompanying tables.

Annual Debt Service Requirements General Obligation Bonds (dollars in thousands)				
Year ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 27,872	\$ 9,670	\$ 4,075	\$ 1,694
2014	27,490	7,981	3,915	1,574
2015	30,382	7,030	4,033	1,450
2016	31,231	5,962	3,429	1,311
2017	31,983	4,882	2,717	1,187
2018 - 2022	94,489	10,412	12,886	4,578
2023 - 2027	11,274	871	9,340	2,871
2028 - 2032	-	-	3,195	1,650
2033 - 2037	-	-	2,340	934
2038 - 2042	-	-	2,430	249
Totals	<u>\$ 254,721</u>	<u>\$ 46,808</u>	<u>\$ 48,360</u>	<u>\$ 17,498</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. Special assessment bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual Debt Service Requirements Special Assessment Bonds (dollars in thousands)		
Year ending December 31	Governmental Activities	
	Principal	Interest
2013	\$ 23,450	\$ 9,913
2014	24,065	9,201
2015	24,510	8,326
2016	23,460	7,360
2017	22,970	6,456
2018 - 2022	97,480	18,654
2023 - 2027	31,470	4,578
2028 - 2032	7,550	513
Totals	<u>\$ 254,955</u>	<u>\$ 65,001</u>

#### B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. A summary of revenue bonds outstanding is presented in the following tables.

Revenue Bonds Outstanding on December 31, 2012 (dollars in thousands)			
Primary Government-Enterprise Funds	Interest Rates	Final Maturity Date	Amount
Water Utilities:			
2000A Water	4.69%	2021	\$ 1,490
2000B Water	4.69%	2021	2,566
2005A Water & Sewer Refunding	5.00%	2016	18,850
2005B Water & Sewer Refunding	5.00%	2016	12,190
2005C Water & Sewer Refunding	4.00% - 5.00%	2030	37,375
2006 Water & Sewer	4.00% - 5.00%	2031	42,330
2008A Water & Sewer	3.50% - 5.00%	2032	25,840
2009A Water & Sewer	3.00% - 5.00%	2039	112,620
2009B Water & Sewer	4.27% - 5.36%	2019	9,690
2010A Water & Sewer	1.75% - 4.00%	2030	29,410
2010B Water & Sewer	3.00% - 5.35%	2030	15,920
2011A Water & Sewer	3.00% - 5.00%	2028	99,240
2012A Water & Sewer	2.00% - 4.00%	2032	17,225
Wichita Airport Authority:			
Federal Express – Series A & B 1997	6.45%	2013	60
Yingling Aircraft – Series 2001	7.50%	2021	1,300
FlightSafety – Series A 2003	Variable*	2031	2,660
Yingling Aircraft – Series A 2005	6.00%	2025	1,500
Cessna Aircraft Co. – Series A 2005	5.00%	2025	5,850
Total primary government			<u>\$ 436,116</u>

\*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15%. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2012 of 0.15%.

Revenue Bonds Outstanding on December 31, 2012 (dollars in thousands)			
	Interest Rates	Final Maturity Date	Amount
<b>Component Unit – Wichita Public Building Commission</b>			
Wichita State University – Series L 2001	4.60% - 5.00%	2017	\$ 6,990
Kansas Sports Hall of Fame – Series M 2003	3.50% - 4.40%	2023	1,090
State Office Building, Refunding Series N 2003	3.50% - 4.00%	2014	3,140
Total Component Unit			<u>\$ 11,220</u>

Pledged Revenue for Revenue Bond Debt Service Requirements (dollars in thousands)					
Amount of Pledge	Type of Pledged Revenue	Term of Commitment	Percent of Revenue Pledged	2012 Principal & Interest	2012 Pledged Revenues Recognized
Water & Sewer Utility Revenue Bonds:					
\$ 630,830	Utility revenues	Through 2039	100%	\$ 43,597	\$ 43,597
Airport Special Facility Revenue Bonds:					
\$ 17,003	Direct financing leases	Through 2031	100%	51,095	51,095
Wichita Public Building Commission Revenue Bonds:					
\$ 12,589	Direct financing leases	Through 2023	100%	3,195	3,195

Revenue bond debt service requirements to maturity are presented in the following table.

Annual Debt Service Requirements- Revenue Bonds (dollars in thousands)				
Year ending December 31	Business-type Activities		Component Unit-WPBC*	
	Principal	Interest	Principal	Interest
2013	\$ 23,897	\$ 20,030	\$ 2,890	\$ 474
2014	22,489	19,134	3,010	354
2015	23,558	18,207	1,480	221
2016	24,767	17,195	1,555	146
2017	22,503	16,113	1,630	69
2018 - 2022	111,892	64,670	530	99
2023 - 2027	108,375	37,729	125	6
2028 - 2032	74,745	14,950	-	-
2033 - 2037	19,560	3,366	-	-
2038 - 2042	4,330	325	-	-
Totals	\$ 436,116	\$ 211,719	\$ 11,220	\$ 1,369

\*Wichita Public Building Commission

C. Section 108 Loans

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. Footnote 12.A. – Operating Leases, provides further disclosure. The interest rate for amount outstanding is 6.33%. Debt service requirements to maturity consist of a \$350,000 principal payment and \$22,155 of interest payable in 2013.

D. Capital Leases

The City has entered into a six year capital lease in 2007 for \$1,925,626 to fund printer/copiers. The lease is a flexible lease permitting additional printer/copier purchases, which increases the principal due but does not extend the repayment period. The interest rate for amounts outstanding under the lease agreement is 4.29%. The final payment is due in 2013. Debt service requirements to maturity consist of principal payments totaling \$153,150 and interest payments of \$2,111 in 2013. At year-end, the \$153,150 principal is included in the governmental debt.

E. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Estimated post closure costs for the remaining 20.56 years total \$20,899,795 or \$1,016,527 annually.

The City's Chapin municipal solid waste facility closed operations in December 1980. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. The estimated additional post closure care for the remaining 6.48 years is \$578,502 or \$89,275 annually.

Additionally, the City operates three limited landfills. The City's construction and demolition landfill has cumulative closure costs of \$926,656 on December 31, 2012, based on the use of 74.7% of the estimated capacity. The industrial monofill landfill for asbestos waste has cumulative closure costs of \$136,344, based on the use of 23.8% of the estimated capacity. In March 2008, the City began operation of a composting facility for yard waste at the existing Brooks Landfill site for which the capacity used was too small to measure, as yard waste moves in and compost moves out.

As of December 31, 2012 the accumulated costs for the landfills are recorded as a long-term liability in the governmental activities on the Statement of Net Position. The costs will be liquidated from prior years' landfill fees accumulated in the Landfill Post closure Fund. Footnote 18.-Landfill Closure and Post closure Care provides further disclosure.

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$376,855 were in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund.

Post-employment benefits other than pensions are recorded at the entity-wide level and are generally liquidated from the Self-Insurance Fund.

#### F. Refunding of Long-Term Debt

For reporting purposes of a crossover advance refunding bond issue, the original issue is not considered defeased until the bonds are retired. As with advance refunding bond issues, the proceeds from the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refundings, the escrowed funds in a crossover advance refunding are not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead the resources in the escrow account are temporarily used to meet debt service requirements on the refunding bonds. At a later date, known as the "crossover date", the resources in the escrow account are dedicated exclusively for the payment of principal and interest on the refunded debt. Crossover refundings do not result in the defeasance of debt prior to the crossover date.

Related to crossover refundings in prior years, the City has recorded the outstanding debt of both the refunding issues and the refunded issues, which are not considered defeased, along with the related escrow account as "cash with fiscal agent."

Refunding Issue	Refunded Issue	Refunded Principal	Call Date
General Obligation Sales Tax Refunding Series 2011B	Series 2003B	\$ 16,240,000	October 1, 2013
General Obligation Refunding Series 2011D	Series 784	11,770,000	September 1, 2013
General Obligation Refunding Series 2011D	Series 786	6,485,000	September 1, 2013

**Crossover Refunding:** On November 1, 2012, the City issued Series 2012A general obligation bonds in the amount of \$21,250,000 with a net interest cost of 1.54% for a crossover refunding of the general obligation bonds, payable in part from special assessment revenue, described as follows:

Series 788 general obligation bonds in the amount \$9,090,000 carrying an average coupon interest rate of 4.25%.

Series 790 general obligation bonds in the amount of \$7,735,000 carrying an average coupon interest rate of 4.41%.

Series 794 general obligation bonds in the amount of \$6,090,000 carrying an average coupon interest rate of 4.03%.

Proceeds of the crossover refunding bonds have been placed into an escrow account to meet the costs of refunding on the call date on or after September 1, 2014. The debt service requirements of the refunded bonds, up to the crossover call date, are paid from resources in the City's Debt Service Fund.

The City completed the crossover refunding to reduce the total debt service payments over the next ten years by \$2,267,133 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$2,075,473.

Crossover Refunding: On November 1, 2012, the City issued Series 2012B general obligation refunding bonds in the amount of \$2,850,000 with a net interest cost of 1.70%. Series 2012B was issued to complete a crossover refunding of the outstanding balance Series 959 general obligation bonds in the amount of \$2,730,000 with an average coupon interest rate of 5.80%.

Proceeds of the crossover refunding bonds have been placed into an escrow account to meet the costs of refunding on the call date on or after September 1, 2014. The debt service requirements of the refunded bonds, up to the call date will be paid from resources in the City's Debt Service Fund.

The City completed the crossover refunding to reduce the total debt service payments over the next ten years by \$410,806 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$373,731.

Crossover Refunding: On November 1, 2012, the City issued Series 2012C general obligation refunding bonds in the amount of \$4,360,000 with a net interest cost of 1.48%. Series 2012C was issued to complete a crossover refunding of the outstanding balance Series 960 general obligation bonds in the amount of \$4,485,000 with an average coupon interest rate of 4.13%.

Proceeds of the crossover refunding bonds have been placed into an escrow account to meet the costs of refunding on the call date on or after September 1, 2014. The debt service requirements of the refunded bonds, up to the call date will be paid from resources in the City's Debt Service Fund.

The City completed the crossover refunding to reduce the total debt service payments over the next ten years by \$473,437 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$436,889.

Crossover Refunding: On November 1, 2012, the City issued Series 2012E general obligation refunding sales tax bonds in the amount of \$22,865,000 with a net interest cost of 1.48%. Series 2012E was issued to complete a crossover refunding of the outstanding balance Series 2007 general obligation sales tax bonds in the amount of \$24,865,000 with an average coupon interest rate of 4.19%.

Proceeds of the crossover refunding bonds have been placed into an escrow account to meet the costs of refunding on the call date on or after October 1, 2014. The debt service requirements of the refunded bonds, up to the call date will be paid from resources in the City's Debt Service Fund.

The City completed the crossover refunding to reduce the total debt service payments over the next ten years by \$2,578,355 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$2,325,302.

G. Environmental Remediation Obligations

Gilbert and Mosley Groundwater Contamination (Plumes ABE): In the late 1980s and early 1990s, under a Cooperative Agreement with the U.S. Environmental Protection Agency (EPA), the Kansas Department of Health and Environment (KDHE) conducted a preliminary assessment and investigation of an area near the City's downtown, known as the Gilbert and Mosley site. The studies identified contaminants of volatile organic compounds and the concentrations of the compounds. On March 26, 1991, the City and KDHE finalized a "Settlement Agreement for Remedial Investigation and Feasibility Study, and for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (Settlement Agreement).

The City performed the Remedial Investigation (RI) and the Feasibility Study (FS) with final reports approved by KDHE in September 1994. In 1999, the City issued an RI/FS addendum and with subsequent investigations, identified the nature, extent and sources of contamination. In October 2000, KDHE approved the final design for a pump-and-treat alternative to address the site-wide groundwater contamination



(Plumes ABE). In 2002, the City completed the installation of the extraction wells, piping and treatment facility. The system has been in continuous operation since December 30, 2002.

The City has ongoing costs associated with the operations, maintenance, monitoring and reporting activities for the groundwater remediation system for the ABE plume contamination. Accordingly, a liability of \$9,383,839 has been recorded in the government-wide financial statements, in addition to a receivable of \$3,788,688 for settlements from potentially responsible parties. The liability and recovery amounts are based on an engineering estimate which was defended in the United States District Court (United States District Court Case No. 98-1360-MLB) and as well as based on actual annual costs incurred. The potential for change to the liability is moderate, due to the potential of reducing the groundwater contamination plume to acceptable concentrations prior to the 70-year projection contained in the engineering estimate, offset with future inflationary cost increases. The probability of continued operation of the treatment system after 40 years of operations is estimated to be 30%.

Harcross/TriState Central Site: Within the Gilbert and Mosley District, some specific source areas have been identified as requiring source control measures. The Harcross/TriState Central site has been identified as contaminated by volatile organic compounds resulting from various industrial spills and processes, in addition to contamination from food grade chemicals. Some reported contaminant concentrations have exceeded KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has performed a site investigation and is in the process of implementing the remediation which consists of two vapor mitigation systems which were installed in residential houses in September 2005. An additional vapor mitigation system was installed in a third residential property in 2006, in conjunction with offsite excavations of soil. An air sparge/soil vapor extraction system was installed in 2007 and is in operation. Remediation operations are expected to continue through 2013.

The City has ongoing costs associated with the remediation of the Harcross/TriState Central site. The estimated liability is based on engineering estimates and actual annual costs incurred since the beginning of the project to the present. A liability of \$1,334,669 has been recorded in the government-wide financial statements for the ongoing remediation costs. The potential for changes in the liability is low with any changes likely to be immaterial.

Waterwalk Site: Within the Gilbert & Mosley district, the Waterwalk site has been identified as contaminated by total petroleum hydrocarbons (TPH) and metals in soils and groundwater above KDHE standards. The contamination is being addressed under the Gilbert and Mosley Settlement Agreement. The City has submitted a draft Comprehensive Investigation Work Plan, which has been approved by KDHE, to delineate the horizontal and vertical extent of the contamination. A utility corridor excavated on the site in 2006 resulted in excavated soils being screened and segregated based on contaminate and concentration. Lead-impacted soils were landfilled, and petroleum-impacted soils were treated at a local asphalt plant until the soils reached residential contact standards for TPH.

A liability of \$4,700 has been recorded in the government-wide financial statements for the estimated liability for the ongoing remediation activities. The potential for changes to the liability is moderate pending completion of the investigation.

South Washington and English Site (SWE): The SWE site has soil and groundwater contaminated by chlorinated solvents associated with dry cleaning and other industrial processes. The impacted areas have concentrations that exceed KDHE standards. The City is responsible for cleanup of the site based on the Gilbert and Mosley Settlement Agreement. The City performed a site investigation and selected a remediation plan consisting of excavation and offsite disposal of select soils, electrical resistance heating of subsurface soils, and soil vapor extraction.

Remedial action was initiated in 2010 including excavation and disposal of contaminated soils, the initiation of the electrical resistance heating design and additional investigation. The project is expected to continue through 2013. As a result of the need to secure the property for remediation, property was purchased which is planned to be sold after the remediation process is complete. Accordingly an accounts receivable of \$208,527 has been recorded reflecting estimated proceeds for the sale of this property.

The City recorded a net liability for remediation and monitoring activities of \$1,055,454 in the government-wide financial statements, based on engineering estimates, actual costs incurred from the start of the project



to the present. The potential for change is moderate. Changes are expected to be immaterial resulting from adjustments as the remediation project nears completion.

APCO Chemical Company (APCO): The APCO site has been identified as contaminated by chlorinated volatile organic compounds (VOCs) and petroleum related hydrocarbons. Soil and groundwater concentrations exceed KDHE standards and require remediation efforts. The KDHE Underground Storage Tank Trust Fund (UST Trust) has installed an air sparging/soil vapor extraction system to address the petroleum hydrocarbon contamination. The KDHE Underground Storage Tank Trust Fund has installed a system to address the petroleum related hydrocarbons. Based on the Settlement Agreement, the KDHE identified the City as the responsible party for cleanup of the chlorinated VOCs associated with the site when the responsible party declared bankruptcy in 2005. The City has performed a site investigation and is in the process of evaluating whether additional remediation is needed.

The City has recorded a liability of \$1,437,995 for future costs based on an engineering estimate and actual costs incurred. The potential for reductions in the liability is high based on the level of remediation being conducted by KDHE.

Automotive Fleet Services, Inc. (AFS): The AFS site, within the Gilbert and Mosley district, has been identified as contaminated by volatile organic compounds related to vehicle maintenance with reported contaminant concentrations in groundwater exceeding KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has begun the process investigating and evaluating remediation alternatives. Investigation findings are still pending. The City has ongoing costs for investigation, remediation and monitoring. A liability is recorded in the amount of \$383,474 in the government-wide financial statements. The liability is based on a 2005 engineering estimate and actual costs incurred from the start of the project to the present. The potential for change to the liability is moderate pending the results of the investigations.

Reid Supply, Inc. (RSI): The RSI site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. RSI has been named as the responsible party for cleanup of the site; however, the City may be named as partially or fully responsible at a future date. Because the City has not been yet named either partially or fully responsible for the site, a remediation option has not been selected. The estimated liability is based on an engineering estimate in 2002 (City of Wichita v. Aero Holdings, et al., United States District Court, District of Kansas, Case No. 98-136-MI. Band actual costs incurred from the start of the project to the present.

The City has recorded a liability of \$968,555 in the government-wide financial statements. The potential for change to the liability is moderate due to the need for additional investigation.

North Industrial Corridor (NIC) Site-wide Groundwater Contamination: In the 1980s, the Environmental Protection Agency identified the presence of volatile organic compounds in groundwater produced from two industrial wells. Subsequent investigations revealed widespread contamination in the groundwater in what is known as the North Industrial Corridor. In 1987, the Wichita North Industrial District Group (WNID Group) organized with the City as a member. The WNID Group entered into a consent agreement with KDHE September 1989. A portion of the NIC site was listed on the National Priorities List by the EPA in February 1990. In 1994, the City petitioned for the removal of the site from the National Priorities List. The EPA published notice of removal in April 1996.

To restore economic viability to the area, the City signed a "Settlement Agreement for Remedial Investigation and Feasibility Study for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (NIC Settlement Agreement) in 1995. In May 1996, the City entered into a participation agreement with potentially responsible parties for the NIC contamination. The remedial investigation report was completed in June 2004, with an addendum to the report completed in 2005. The reports were approved by KDHE in March 2007. The KDHE approved the feasibility study in 2011 and in March 2012, issued a Final Corrective Action Decision for interim groundwater remediation contamination. The North Industrial Corridor site has been divided into six groundwater units for evaluation and remedial actions. The Corrective Action Decision focuses on the remedial action alternatives within Groundwater Units 1 through 4 (GU 1 through GU 4).

The Corrective Action Decision includes pre-design data acquisition, long-term groundwater remediation and surface water monitoring, five-year reviews and institutional controls for each groundwater unit. Pre-design data acquisition will be conducted to optimize the selected remedy and evaluate the need for contingency implementation. A comprehensive groundwater and surface water monitoring plan will be developed to evaluate performance of the remedy applied and monitor contaminant migration. Five-year reviews will be conducted as long as contamination remains at the NIC site at concentrations above levels which will permit unrestricted use. These reviews will provide an opportunity to review the overall effectiveness of the remedial strategy. Continued enforcement of City of Wichita ordinances which prohibit the installation of new water wells and use of pre-existing water wells for personal use in contaminated areas will help ensure protection of human health until the site cleanup is complete.

The pre-design data acquisition is underway, in addition to continued source control efforts and site-wide pre-design acquisition activities. The KDHE approved remedial action provides multiple alternatives to be implemented in each groundwater unit. The alternative actions delineated in the KDHE Final Corrective Action Decision may be effected individually or multiple alternatives may be required to achieve acceptable results. Cost estimates for each remediation alternative were developed based on standardized engineering practices and expected cash flows. For each approved remediation alternative, the expected cash flow technique method was applied.

Based on current cost commitments and cost estimates of the preferred remediation action, the net present value of the liability for site-wide costs and the site specific remediation preferred remediation has been estimated at \$57.6 million. The liability could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations. Estimated recoveries from potentially responsible parties are estimated at \$52.1 million, resulting in a net liability of \$5.5 million on the entity-wide financial statements. Actual costs of remedial actions and anticipated recoveries are expected to be within a range of minus 30% and plus 50% over a period of 70 years.

John's Sludge Pond: The John's Sludge Pond site was formerly used for disposal of waste oil and oily sludge generated in the recycling/reclamation process of an oil refinery. A portion of the site was purchased by the City in 1983 to provide drainage for interstate highway. A private estate owns the remainder of the site. Investigations by the City of Wichita found the sludge and water in the pond to be very acidic and the sludge was found to contain elevated concentrations of lead, low levels of PCBs, other metals and organics.

The site was placed on the National Priorities List (NPL) by the EPA in 1983. Remedial actions consisted of stabilizing the sludge with pozzolanic material and capping the site in 1985. The site was removed from the NPL in 1992. The site monitoring is required through 2013 when another review will be take place.

The City has ongoing costs associated with monitoring of the site. A liability of \$5,407 has been recorded in the government-wide financial statements with low potential for changes in the liability.

Wichita Mid-Continent Airport Fuel and Fire Training Facility Site: Contaminates of petroleum related volatile organic compounds were found in solid samples collected between 1989 and 1993. Due to the low level of contaminants reported in the groundwater at the Fuel Farm and the absence of contaminated in the groundwater at the nearby Fire Training Facility, KDHE requires monitoring of groundwater only. Annual monitoring of the site is completed in compliance with the KDHE requirements.

The City has recorded a liability of \$5,000 in the Airport Fund financial statements for costs associated with site monitoring and reporting.

#### H. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2012, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond resolutions and ordinances. The credit rating downgrade of third party insurers of revenue bonds issued by the Water and Sewer Utilities resulted in the establishment of reserve funds, to be amortized over five years, beginning in 2008. Additional information on the reserve funds is provided in Note 16. – Reserves and Designations of Fund Balances.

Long-term liability activity for the year ended December 31, 2012, follows (expressed in thousands of dollars) is summarized in the following tables:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable:					
General obligation bonds	\$ 215,483	\$ 69,000	\$ (29,762)	\$ 254,721	\$ 27,872
Special assessment debt with government commitment	269,630	29,140	(43,815)	254,955	23,450
Deferred amount on refunding	(3,366)	(130)	759	(2,737)	-
Unamortized premium	22,006	10,002	(6,418)	25,590	-
Total bonds payable	503,753	108,012	(79,236)	532,529	51,322
Bond anticipation notes	14,158	10,465	(14,158)	10,465	10,465
Section 108 loan	680	-	(330)	350	350
Accreted interest	1,322	154	(762)	714	-
Capital lease	510	-	(357)	153	153
Compensated absences	9,622	8,792	(9,140)	9,274	9,181
Claims payable	15,371	41,055	(37,132)	19,294	7,969
Other post-employment benefits	9,014	4,261	(2,631)	10,644	-
Termination benefits	1,081	-	(296)	785	279
Environmental remediation	16,122	5,232	(1,280)	20,074	4,881
Landfill closure/post closure care	23,150	91	(700)	22,541	1,106
Total long-term liabilities – Governmental activities	<u>\$ 594,783</u>	<u>\$ 178,062</u>	<u>\$ (146,022)</u>	<u>\$ 626,823</u>	<u>\$ 85,706</u>
<b>Business-type activities</b>					
Bonds payable:					
General obligation bonds	\$ 40,681	\$ 11,015	\$ (3,336)	\$ 48,360	\$ 4,075
Deferred amount on refunding	(51)	-	11	(40)	-
Unamortized premium	355	387	(97)	645	-
Bond anticipation notes	10,245	-	(10,245)	-	-
Revenue bonds	494,341	17,225	(75,450)	436,116	23,897
Deferred amount on refunding	(8,662)	-	1,482	(7,180)	-
Unamortized premium	23,682	585	(1,707)	22,560	-
Total bonds payable	560,591	29,212	(89,342)	500,461	27,972
Environmental remediation	5	5	(5)	5	5
Compensated absences	1,660	1,801	(1,718)	1,743	1,729
Total long-term liabilities – Business-type activities	<u>\$ 562,256</u>	<u>\$ 31,018</u>	<u>\$ (91,065)</u>	<u>\$ 502,209</u>	<u>\$ 29,706</u>
<b>Wichita Public Building Commission</b>					
Bonds payable:					
Revenue bonds	\$ 14,010	\$ -	\$ (2,790)	\$ 11,220	\$ 2,890
Unamortized premium	195	-	(33)	162	-
Total long-term liabilities-WPBC	<u>\$ 14,205</u>	<u>\$ -</u>	<u>\$ (2,823)</u>	<u>\$ 11,382</u>	<u>\$ 2,890</u>

**10. Prior Year Defeasance of Debt**

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2012, bonds totaling \$1,090,000 from the Wichita Public Building Commission were considered defeased.

**11. Temporary Notes Payable**

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. During 2012, the City issued \$107,110,000 retired \$122,390,000 and reclassified \$10,465,182 of temporary notes for various capital improvement as bond anticipation notes. Temporary notes outstanding at December 31, 2012 are payable as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities	\$ 62,225,143	\$ 106,926,050	\$ 108,090,143	\$ 61,061,050
Business-type Activities				
Water Utility Fund	160,000,000	-	-	160,000,000
Airport Fund	3,735,282	-	3,735,282	-
Storm Water Utility	10,564,575	183,950	10,564,575	183,950
Total Business-type	<u>174,299,857</u>	<u>183,950</u>	<u>14,299,857</u>	<u>160,183,950</u>
Total temporary notes	<u>\$ 236,525,000</u>	<u>\$ 107,110,000</u>	<u>\$ 122,390,000</u>	<u>\$ 221,245,000</u>

On December 31, 2012, the Water Utility held proceeds of \$1,444,643 from the issuance of general obligation temporary notes for future capital construction. Temporary notes also replace operating cash which has been used to finance capital construction in other funds as provided in the following table. Some construction costs may have occurred in prior periods.

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
<b>Primary Government</b>			
Governmental-Capital Project Funds:			
Street and Bridge Improvements - Series 252	0.25%	\$ 13,545,207	08/15/13
Street and Bridge Improvements BAN- Series 252	0.25%	8,251,509	08/15/13
Water Main Construction - Series 252	0.25%	198,211	08/15/13
Water Main Construction BAN- Series 252	0.25%	386,650	08/15/13
Park Bond Construction - Series 252	0.25%	915,188	08/15/13
Public Improvement Construction - Series 252	0.25%	22,690,330	08/15/13
Public Improvement Construction - Series 245	0.75%	6,105,000	08/15/13
Sewer Construction - Series 252	0.25%	7,141,932	08/15/13
Sewer Construction BAN - Series 252	0.25%	1,827,023	08/15/13
Enterprise Funds:			
Water Utility – Series 248	0.30%	160,000,000	08/15/13
Storm Water Utility - Series 252	0.25%	183,950	08/15/13
Total Reporting Entity		<u>\$ 221,245,000</u>	

**12. Leases**

Rents Receivable Under Operating Leases: The City and the Airport Authority lease facilities and land to airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 49 years, and require the payment of minimum annual rentals. The future minimum rentals of non-cancelable operating leases are reflected in the accompanying table in this note. Summarized in the following table, the future value of operating leases do not include contingent rentals that may be received under certain leases. Such contingent rentals totaled \$2,360,771 in 2012.

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority-owned land by 42 tenants. The tenants lease the land from the WAA for periods ranging from one month to 45 years with renewal options ranging from five years to 27 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for Wichita State University, the State of Kansas and the Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. The bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

In 2010, the building leased and occupied by the Kansas Sports Hall of Fame was sold and the lease agreement terminated. The proceeds of the sale were deposited in an escrow account to make all future debt service payments until the scheduled defeasance of the debt in 2014. Additional information about the principal and interest payments is provided in Note 9 to the financial statements.

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following tables provide the components of the net investment in direct financing leases as of December 31, 2012 and the future minimum lease rentals to be received under the leases.

<b>Year Ending December 31</b>	<b>Minimum Rentals of Non-cancelable Operating Leases</b>
2013	\$ 7,868,229
2014	4,762,021
2015	3,942,715
2016	3,839,478
2017	3,233,838
2018 - 2022	12,894,782
2023 - 2027	8,225,191
2028 - 2032	4,998,453
2033 - 2037	3,543,959
2038 - 2042	3,208,530
2043 - thereafter	5,671,080
Total minimum future	<u>\$ 62,188,276</u>

<b>Investments in Direct Financing Leases</b>			
<b>As of December 31, 2012</b>			
	<b>WAA</b>	<b>WPBC</b>	<b>Total</b>
Total minimum lease payments to be received	\$ 17,003,266	\$ 11,202,102	\$ 28,205,368
Less: unearned income	5,633,266	1,072,102	6,705,368
Net investment in direct financing leases	<u>\$ 11,370,000</u>	<u>\$ 10,130,000</u>	<u>\$ 21,500,000</u>

Future Minimum Lease Rentals Under Direct Financing Leases As of December 31, 2012			
Year ending December 31	Airport Authority	Wichita Public Building Commission	Total
2013	\$ 545,925	\$ 3,239,195	\$ 3,785,120
2014	483,990	3,237,563	3,721,553
2015	483,990	1,577,362	2,061,352
2016	483,990	1,575,863	2,059,853
2017	483,990	1,572,119	2,056,109
2018 - 2022	3,544,721	-	3,544,721
2023 - 2027	8,300,700	-	8,300,700
2028 - 2032	2,675,960	-	2,675,960
Total minimum future rentals	\$ 17,003,266	\$ 11,202,102	\$ 28,205,368

Rentals Payable Under Operating Leases: The City has entered into an agreement in which the City is the lessee of printers, software and accessories. The operating lease is a component of the lease agreement that is disclosed in Note 9.-Long-Term Debt, D. Capital Leases. Less than one year remains on the operating lease with the future minimum lease payments totaling \$32,585.

### 13. Conduit Debt Obligations

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2012, 113 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$1,939,222,671.

Special facility revenue bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2012, five series of special facility revenue bonds were outstanding totaling \$11,370,000 but are reported as a long-term liability of the Wichita Airport Authority. Note 9 provides additional disclosure on the long-term debt. Note 12 provides further disclosure on the direct financing leases.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued three series of revenue bonds. The bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2011, the aggregate principal amount payable was \$11,220,000. Note 12.B. provides further disclosure.

### 14. Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended.



During the year ended December 31, 2012, transfer revenue and transfer expenditures each totaled \$100,572,638.

Non-routine transfers to the General Fund consisted primarily of \$50,000 from the Landfill Post closure Fund and \$725,000 from the pension reserves held in the Self Insurance Fund to offset higher pension contribution rates.

Of routine nature are the Debt Service Fund transfers of \$20.47 million to the Street Improvement Fund and other capital project funds to retire temporary notes and cash fund projects. Also routine were transfers from the Sales Tax Construction Pledge Fund to the Debt Service Fund of \$16.2 million and \$11.3 million to the Local Sales Tax CIP fund to cash fund freeway and major arterial projects.

**Summary of Interfund Transfers  
For Year Ended December 31, 2012**

<b>Fund</b>	<b>Transfers Out</b>	<b>Transfers In</b>
<b>Major Funds:</b>		
General Fund	\$ 12,499,803	\$ 15,653,610
Debt Service Fund	22,756,015	21,983,833
Street Improvement Fund	-	25,566,030
Airport Fund	912,820	-
Water Utility Fund	2,322,457	-
Sewer Utility Fund	1,786,153	-
Storm Water Utility Fund	630,421	-
Nonmajor governmental funds	57,283,942	32,651,585
Nonmajor enterprise funds	110,179	4,467,580
Internal service funds	2,270,848	250,000
Total transfers	<u>\$ 100,572,638</u>	<u>\$ 100,572,638</u>

#### 15. Interfund Receivables/Payables

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2012 are presented in the following tables.

<b>Interfund Receivables As of December 31, 2012</b>	
<b>Fund</b>	<b>Receivables</b>
Major funds:	
General Fund	\$ 785,000
Debt Service Fund	4,614,240
Nonmajor governmental funds:	
Landfill Post Closure Fund	436,767
Local Sales Tax CIP Fund	28,326,832
Internal service funds:	
Self Insurance Fund	394,500
Total interfund receivables	<u>\$ 34,557,339</u>

<b>Interfund Payables As of December 31, 2012</b>	
<b>Fund</b>	<b>Payables</b>
Major funds:	
Street Improvement Fund	\$ 21,629,800
Nonmajor governmental funds:	
Homelessness Assistance Fund	10,944
WAMPO*	425,823
Water Main Extension Fund	598,497
Park Bond Construction Fund	798,574
Public Improvement Construction Fund	505,248
Sewer Construction Fund	2,078,839
ARRA Projects	2,715,874
Nonmajor enterprise funds:	
Golf Course System Fund	4,614,240
Transit Fund	1,179,500
Total interfund payables	<u>\$ 34,557,339</u>

\* Wichita Area Metropolitan Planning Organization

Interfund receivables/payables at the end of December 2012 totaled \$34,557,339, including a Golf Fund payable to the Debt Service Fund to assist with the restructuring of long-term debt. Most significant are the receivables in the Local Sales Tax CIP Fund, loaned to the capital project funds until projects are completed and long-term financing has been secured. In addition, temporary loans from the General Fund-Permanent Reserve Subfund and Self Insurance Fund to the Transit Fund have been extended until transit operations recover from the recent years of capital replacement and expansion.

**16. Fund Balance Restrictions and Other Reservations**

Governmental fund balance designations denote portions of the fund balance that are either (1) non-spendable due to form, legal or contractual constraints; (2) restricted under an externally imposed constraint; (3) committed to a specific purpose by the City Council; (4) assigned with intentions for a specific purpose; or (4) unassigned without any constraints.

The City maintains the Cemetery Fund, a permanent fund for the perpetual care of the Jamesburg and Highland Cemeteries, as well as the Old Mission Mausoleum. The non-expendable portion of the fund balance is \$235,437. The remainder is expendable for care of the cemeteries. In the governmental funds, fund balance designations are reported in the following table.

Governmental Fund Balance Designations					
As of December 31, 2012					
	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Street Improvement Fund		
<b>Nonspendable:</b>					
Inventories and prepaids	\$ 56,241	\$ -	\$ -	\$ 78,782	\$ 135,023
Receivables, long-term	785,000			-	785,000
Permanent fund principal	-	-	-	235,437	235,437
<b>Restricted for:</b>					
General government	-	-	-	1,240,191	1,240,191
Public safety	-	-	-	993,479	993,479
Highways and streets	-	-	-	38,998,334	38,998,334
Health and welfare	-	-	-	22,095,790	22,095,790
Culture and recreation	-	-	-	3,174,395	3,174,395
Debt service	-	114,344,250	-	-	114,344,250
<b>Committed to:</b>					
General government	-	-	-	77,869	77,869
Public safety	-	-	-	1,058,901	1,058,901
Sanitation	-	-	-	24,068,782	24,068,782
<b>Assigned to:</b>					
Economic development	5,502,658	-	-	-	5,502,658
General government	216,264	-	-	-	216,264
Public safety	78,082	-	-	-	78,082
Highways and streets	122,892	-	-	-	122,892
Health and welfare	25,400	-	-	-	25,400
Culture and recreation	89,375	-	-	-	89,375
<b>Unassigned:</b>	24,290,910	-	(38,720,622)	(44,777,915)	(59,207,627)
<b>Total</b>	<u>\$ 31,166,822</u>	<u>\$ 114,344,250</u>	<u>\$ (38,720,622)</u>	<u>\$ 47,244,045</u>	<u>\$ 154,034,495</u>

**17. Passenger Facility Charges**

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2012 the Airport Authority has submitted and received approval on seven applications. The approved applications



the Airport Authority has submitted and received approval on seven applications. The approved applications represent a total amended authorized amount of \$199,528.281. The charge expiration date for the current program is estimated to be May 1, 2046.

#### **18. Landfill Closure and Post-closure Care**

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Accordingly, a liability of \$20,899,795 for post-closure care for the remaining 20.56 years has been reported as a long-term liability of governmental activities on the Statement of Net Position as of December 31, 2012.

The City's Chapin municipal solid waste facility stopped accepting waste December 19, 1980. Applicable Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for 30 years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. Accordingly, an additional liability of \$578,502 for post-closure care for the remaining 6.48 years has been reported as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2012.

Additionally, the City has permission to operate three limited landfills, all located at the Brooks Landfill site. Kansas and federal laws and regulations require the City to place a final cover when the landfills close and perform certain maintenance and monitoring functions for 30 years after regulatory closure. Based on the capacity used in each landfill, the accumulated closure costs for each of the landfills is recorded as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2012.

During 2001, the City was granted permission to operate a construction and demolition landfill. The landfill began operation on October 1, 2001. As of December 31, 2012, a long-term liability of \$926,656 is recorded representing the cumulative liability based on 74.7% usage of the estimated capacity. The City will recognize the remaining closure costs of \$313,847 as the remaining capacity is filled. Based on activity to date, the City expects the landfill to close in approximately 2018, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste. As of December 31, 2012, a long-term liability of \$136,344 is recorded, based on 23.8% usage of the estimated capacity. The City will recognize the remaining closure costs of \$435,568 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2043, or as capacity is reached.

In March, 2008, the City began operation of a composting facility for yard waste. Yard waste moves into the landfill and compost moves out of the landfill. As of December 31, 2012, the capacity used was too small to estimate, thus the total estimated closure and post-closure care of \$81,742 will be recognized as capacity is filled. The composting facility is expected to close in 2044, or as capacity is reached.

The cost estimates are subject to change due to inflation, deflation, technology, laws and regulations. Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Post Closure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and post-closure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

#### **19. Contingencies and Commitments**

##### **A. Legal Matters**

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other claims.

Under Kansas Statutes, should the courts sustain any litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

**B. Grant Programs**

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2012.

**C. Construction and Capital Commitments**

The City has outstanding construction and capital commitments for freeway and arterial street construction and other capital purchases and improvements of \$53.6 million in the governmental funds and \$113.0 million in the enterprise funds. This amount is reflected as reserve for encumbrances in capital projects funds.

**D. Encumbrances**

Encumbrances included in fund balances are reported in the accompanying table:

**E. Public Building Commission Lease**

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

Primary Government	Encumbrances
General Fund	\$ 2,032,441
Street Improvement Fund	43,111,946
Water Utility Funds	14,971,188
Sewer Utility Funds	3,290,318
Airport Funds	97,325,599
Storm Water Utility Funds	731,887
Nonmajor governmental funds	13,964,450
Nonmajor enterprise funds	1,518,679
Internal service funds	1,774,808
Total Reporting Entity	\$ 178,721,316

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds. In 2012, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

**F. Economic Development Activities**

The City has established tax increment financing districts to support economic development activities. The City's contributions to these projects include streets, storm water drainage, public art, water features and public parking, which are financed through the issuance of bonds of which \$23.5 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

In 2001, the City acquired the Hyatt Hotel adjacent to the Century II and Expo Hall Convention Center to insure that the hotel maintained premiere service for convention business. The Hyatt Hotel is managed under contract by the Hyatt Corporation and the operations of the Hyatt Hotel are not related to the operations of the City in any manner.

**20. Subsequent Events**

On February 1, 2013, the City issued \$9,450,000 of 10-year general obligation serial bonds (Series 807) with a total interest cost of 1.34%, \$3,375,000 of 15-year general obligation serial bonds (Series 812) with a total interest cost of 3.24%.

Accordingly, temporary notes payable as of December 31, 2012 totaling \$10,465,182 were reclassified as bond anticipation notes and recorded as long-term liabilities in the governmental. The notes in the amount of \$10,465,182 were refinanced through the issuance of general obligation bonds on February 1, 2013 (Series 807 and Series 812).

In addition, on February 14, 2013, the City issued \$4,435,000 general obligation renewal and improvement temporary notes, Series 247, (taxable under Federal law) with an interest rate of 0.55%, \$63,230,000 general obligation renewal and improvement temporary notes, Series 254, with an interest rate of 0.25%, and \$15,065,000 general obligation improvement temporary notes, Series 256, subject to alternative minimum tax under Federal law, with an interest rate of 0.25%.

# CITY OF WICHITA, KANSAS

## 2012 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Wichita Employees' Retirement System</b>						
12/31/10	\$ 516,308	\$ 540,436	\$ 24,128	95.5	\$ 79,636	30.3 %
12/31/11	513,298	555,174	41,876	92.5	75,444	55.5
12/31/12	520,320	571,805	51,485	91.0	70,783	72.7
<b>Wichita Police and Fire Retirement System</b>						
12/31/10	\$ 497,926	\$ 536,908	\$ 38,982	92.7	\$ 63,077	61.8 %
12/31/11	510,946	562,488	51,542	90.8	62,759	82.1
12/31/12	533,381	589,074	55,693	90.5	64,150	86.8

## 2012 OTHER POST EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

### Health Insurance Post Employment Benefits

(Dollar amounts in thousands)

Fiscal Year Ending <sup>1</sup>	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	01/01/2009	\$ -	\$ 30,038	\$ 30,038	-	\$ 141,534	21.2 %
12/31/11	12/31/2011	-	39,121	39,121	-	137,304	28.5
12/31/12	12/31/2011	-	39,121	39,121	-	137,304	28.5

<sup>1</sup> Changes in assumptions in the 2011 valuation follow.

The amortization method changed from a closed 30-year period to an open 30-year period.

Mortality, disability retirement and termination assumptions were updated to be consistent with the Wichita Employees' Retirement System and the Police and Fire Retirement System actuarial valuation for fiscal year ended December 31, 2010.

Disability incidence was not explicitly stated in the prior actuarial report. For the 2011 valuation, all disability incidences for Police and Fire employees are considered in the line of duty while only 50% of disability incidences are considered in the line of duty for other City employees.

Past valuations assumed 40% of active employees elected health coverage at retirement. Assumptions of this valuation are:

General employees:

65% of employees retiring under age 60 elect health coverage

80% of employees retiring on or after age 60 elect health coverage

Police and Fire employees:

55% of employees retiring under age 60 elect health coverage

95% of employees retiring on or after age 60 elect health coverage

Employees not carrying health coverage as an active employee are assumed not to elect coverage at retirement.

Trend rate assumptions:	Past valuation	Current valuation
Year 1	5.0%	9.0%
Year 2	8.0%	8.5%
Year 3	7.0%	8.0%
Year 4	6.0%	7.5%
Year 5	5.0%	7.0%
Year 6	5.0%	6.5%
Year 7	5.0%	6.0%
Year 8	5.0%	5.5%
Beyond	5.0%	5.0%

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## ***GOVERNMENTAL FUNDS***

### **Nonmajor Special Revenue Funds**

The primary purpose of the special revenue funds is to account for designated revenues used to finance specified activities as required by law or administrative action. The following nonmajor special revenue funds are reported:

Homelessness Assistance  
Tourism and Convention  
Special Alcohol Program  
Special Parks and Recreation  
Landfill  
Landfill Post-closure  
Central Inspection  
Downtown Parking  
State Office Building  
Environmental TIF (Tax Increment Financing) Districts  
Self-Supporting Municipal District  
City - County  
Grant Assistance  
Wichita Area Metropolitan Planning Organization

### **Nonmajor Capital Projects Funds**

The purpose of the capital projects funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor capital projects funds:

Water Main Extension  
Park Bond Construction  
Public Improvement Construction  
Sewer Construction  
Local Sales Tax CIP  
Sales Tax Pledge  
ARRA Projects

### **Permanent Fund**

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of three cemeteries and a mausoleum maintained by the municipality.

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2012

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2012 Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 48,949,987	\$ 10,659,487	\$ 309,719	\$ 59,919,193
Investments	3,151,807	-	480,179	3,631,986
Receivables, net:				
Due from other agencies	830,639	-	-	830,639
Accounts	6,021,445	314,943	-	6,336,388
Due from other funds	436,767	28,326,832	-	28,763,599
Notes receivable	495,000	-	-	495,000
Inventories	21,886	-	-	21,886
Prepaid items	56,896	-	-	56,896
Total assets	<u>\$ 59,964,427</u>	<u>\$ 39,301,262</u>	<u>\$ 789,898</u>	<u>\$ 100,055,587</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities:				
Accounts payable and other liabilities	\$ 2,035,480	\$ 1,301,073	\$ -	\$ 3,336,553
Accrued interest payable	-	36,341	-	36,341
Temporary notes payable	-	37,050,661	-	37,050,661
Deposits	189,312	-	-	189,312
Due to other agencies	4,365	-	-	4,365
Due to other funds	436,767	6,697,032	-	7,133,799
Deferred revenue	5,060,511	-	-	5,060,511
Total liabilities	<u>7,726,435</u>	<u>45,085,107</u>	<u>-</u>	<u>52,811,542</u>
Fund balances (deficits):				
Nonspendable	78,782	-	235,437	314,219
Restricted	26,961,409	38,986,319	554,461	66,502,189
Committed	25,205,552	-	-	25,205,552
Unassigned	(7,751)	(44,770,164)	-	(44,777,915)
Total fund balances (deficits)	<u>52,237,992</u>	<u>(5,783,845)</u>	<u>789,898</u>	<u>47,244,045</u>
Total liabilities and fund balances	<u>\$ 59,964,427</u>	<u>\$ 39,301,262</u>	<u>\$ 789,898</u>	<u>\$ 100,055,587</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

	Homelessness Assistance	Tourism and Convention	Special Alcohol Program
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,928,350	\$ 842,443
Investments	-	-	-
Receivables, net:			
Due from other agencies	-	-	-
Accounts	12,247	-	-
Due from other funds	-	-	-
Notes receivable	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 12,247</u>	<u>\$ 2,928,350</u>	<u>\$ 842,443</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 1,212	\$ -	\$ 170,580
Deposits	-	-	-
Due to other agencies	-	-	-
Due to other funds	10,944	-	-
Deferred revenue	-	-	-
Total liabilities	<u>12,156</u>	<u>-</u>	<u>170,580</u>
Fund balances (deficits):			
Nonspendable	-	-	-
Restricted	91	2,928,350	671,863
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>91</u>	<u>2,928,350</u>	<u>671,863</u>
Total liabilities and fund balances	<u>\$ 12,247</u>	<u>\$ 2,928,350</u>	<u>\$ 842,443</u>



Special Parks and Recreation	Landfill	Landfill Post-closure	Central Inspection
\$ -	\$ 3,387,035	\$ 20,264,491	\$ 1,191,080
-	-	-	-
-	-	-	-
-	-	934	-
-	-	436,767	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 3,387,035</u>	<u>\$ 20,702,192</u>	<u>\$ 1,191,080</u>
\$ -	\$ 8,551	\$ 11,894	\$ 82,679
-	-	-	49,500
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>8,551</u>	<u>11,894</u>	<u>132,179</u>
-	-	-	-
-	-	-	-
-	3,378,484	20,690,298	1,058,901
-	-	-	-
<u>-</u>	<u>3,378,484</u>	<u>20,690,298</u>	<u>1,058,901</u>
<u>\$ -</u>	<u>\$ 3,387,035</u>	<u>\$ 20,702,192</u>	<u>\$ 1,191,080</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2012

	Downtown Parking	State Office Building	Environmental TIF Districts
<b>ASSETS</b>			
Cash and cash equivalents	\$ 105,343	\$ 1,025,592	\$ 16,901,127
Investments	-	-	-
Receivables, net:			
Due from other agencies	-	-	-
Accounts	-	429	3,814,498
Due from other funds	-	-	-
Notes receivable	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 105,343</u>	<u>\$ 1,026,021</u>	<u>\$ 20,715,625</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 27,474	\$ 421,165	\$ 2,505
Deposits	-	-	-
Due to other agencies	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	3,788,688
Total liabilities	<u>27,474</u>	<u>421,165</u>	<u>3,791,193</u>
Fund balances (deficits):			
Nonspendable	-	-	-
Restricted	-	604,856	16,924,432
Committed	77,869	-	-
Unassigned	-	-	-
Total fund balances	<u>77,869</u>	<u>604,856</u>	<u>16,924,432</u>
Total liabilities and fund balances	<u>\$ 105,343</u>	<u>\$ 1,026,021</u>	<u>\$ 20,715,625</u>

Self-Supporting Municipal District	City - County	Grant Assistance	Wichita Area Metropolitan Planning Organization	2012 Totals
\$ 5,443	\$ 241,095	\$ 2,057,988	\$ -	\$ 48,949,987
-	-	3,151,807	-	3,151,807
-	-	260,300	570,339	830,639
-	-	2,192,533	804	6,021,445
-	-	-	-	436,767
-	-	495,000	-	495,000
-	-	21,886	-	21,886
-	-	56,896	-	56,896
<u>\$ 5,443</u>	<u>\$ 241,095</u>	<u>\$ 8,236,410</u>	<u>\$ 571,143</u>	<u>\$ 59,964,427</u>
\$ 5,443	\$ 225,593	\$ 925,313	\$ 153,071	\$ 2,035,480
-	222	139,590	-	189,312
-	-	4,365	-	4,365
-	-	-	425,823	436,767
-	-	1,271,823	-	5,060,511
<u>5,443</u>	<u>225,815</u>	<u>2,341,091</u>	<u>578,894</u>	<u>7,726,435</u>
-	-	78,782	-	78,782
-	15,280	5,816,537	-	26,961,409
-	-	-	-	25,205,552
-	-	-	(7,751)	(7,751)
<u>-</u>	<u>15,280</u>	<u>5,895,319</u>	<u>(7,751)</u>	<u>52,237,992</u>
<u>\$ 5,443</u>	<u>\$ 241,095</u>	<u>\$ 8,236,410</u>	<u>\$ 571,143</u>	<u>\$ 59,964,427</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2012

	Water Main Extension	Park Bond Construction	Public Improvement Construction	Sewer Construction
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities:				
Accounts payable and other liabilities	\$ 31,528	\$ 53,285	\$ 923,945	\$ 159,564
Accrued interest payable	470	101	30,543	5,227
Temporary notes payable	198,211	915,188	28,795,330	7,141,932
Due to other funds	598,497	798,574	505,248	2,078,839
	<u>828,706</u>	<u>1,767,148</u>	<u>30,255,066</u>	<u>9,385,562</u>
Total liabilities	<u>828,706</u>	<u>1,767,148</u>	<u>30,255,066</u>	<u>9,385,562</u>
Fund balances (deficits):				
Restricted	-	-	-	-
Unassigned	<u>(828,706)</u>	<u>(1,767,148)</u>	<u>(30,255,066)</u>	<u>(9,385,562)</u>
Total fund balances (deficits)	<u>(828,706)</u>	<u>(1,767,148)</u>	<u>(30,255,066)</u>	<u>(9,385,562)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Local Sales Tax CIP	Sales Tax Pledge	ARRA Projects	Totals 2012
\$ 1,658,666	\$ 9,000,821	\$ -	\$ 10,659,487
-	-	314,943	314,943
28,326,832	-	-	28,326,832
<u>\$ 29,985,498</u>	<u>\$ 9,000,821</u>	<u>\$ 314,943</u>	<u>\$ 39,301,262</u>
\$ -	\$ -	\$ 132,751	\$ 1,301,073
-	-	-	36,341
-	-	-	37,050,661
-	-	2,715,874	6,697,032
-	-	2,848,625	45,085,107
29,985,498	9,000,821	-	38,986,319
-	-	(2,533,682)	(44,770,164)
29,985,498	9,000,821	(2,533,682)	(5,783,845)
<u>\$ 29,985,498</u>	<u>\$ 9,000,821</u>	<u>\$ 314,943</u>	<u>\$ 39,301,262</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET

### GENERAL FUND

December 31, 2012

	Economic Development	General Fund	Combined General Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,927,315	\$ 36,407,356	\$ 42,334,671
Receivables, net:			
Property taxes	-	71,493,820	71,493,820
Accounts	1,163,216	1,616,132	2,779,348
Due from other funds	-	785,000	785,000
Inventories	-	56,241	56,241
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 7,090,531</u>	<u>\$ 110,358,549</u>	<u>\$ 117,449,080</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 740,653	\$ 12,413,710	\$ 13,154,363
Deposits	-	734,141	734,141
Deferred revenue	847,220	71,546,534	72,393,754
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,587,873</u>	<u>84,694,385</u>	<u>86,282,258</u>
Fund balances:			
Nonspendable	-	841,241	841,241
Assigned	5,502,658	532,013	6,034,671
Unassigned	-	24,290,910	24,290,910
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>5,502,658</u>	<u>25,664,164</u>	<u>31,166,822</u>
Total liabilities and fund balances	<u>\$ 7,090,531</u>	<u>\$ 110,358,549</u>	<u>\$ 117,449,080</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET DEBT SERVICE FUND

December 31, 2012

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 232,556	\$ 18,092,843	\$ 18,325,399
Cash with fiscal agent	-	96,312,051	96,312,051
Receivables, net:			
Property taxes	-	23,480,051	23,480,051
Special assessments	-	254,955,000	254,955,000
Accounts	47	-	47
Due from other funds	-	4,614,240	4,614,240
Notes receivable	-	4,916,199	4,916,199
	<u>232,603</u>	<u>402,370,384</u>	<u>402,602,987</u>
Total assets	<u>\$ 232,603</u>	<u>\$ 402,370,384</u>	<u>\$ 402,602,987</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	\$ -	\$ 288,258,737	\$ 288,258,737
	<u>-</u>	<u>288,258,737</u>	<u>288,258,737</u>
Total liabilities	<u>-</u>	<u>288,258,737</u>	<u>288,258,737</u>
Fund balances:			
Restricted	<u>232,603</u>	<u>114,111,647</u>	<u>114,344,250</u>
	<u>232,603</u>	<u>114,111,647</u>	<u>114,344,250</u>
Total fund balances	<u>232,603</u>	<u>114,111,647</u>	<u>114,344,250</u>
	<u>232,603</u>	<u>114,111,647</u>	<u>114,344,250</u>
Total liabilities and fund balances	<u>\$ 232,603</u>	<u>\$ 402,370,384</u>	<u>\$ 402,602,987</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES For the year ended December 31, 2012

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2012 Totals
<b>REVENUES</b>				
Taxes	\$ 10,613,643	\$ -	\$ -	\$ 10,613,643
Special assessments	-	202,451	-	202,451
Local sales tax	-	26,273,117	-	26,273,117
Intergovernmental	31,779,453	1,653,474	-	33,432,927
Licenses and permits	4,877,375	-	3,640	4,881,015
Fines and penalties	6,326	-	-	6,326
Rentals	1,881,998	-	-	1,881,998
Interest earnings	35,499	-	21,210	56,709
Charges for services and sales	2,295,660	-	-	2,295,660
Other	2,996,920	479,172	-	3,476,092
Total revenues	54,486,874	28,608,214	24,850	83,119,938
<b>EXPENDITURES</b>				
Current:				
General government	4,088,438	-	48,707	4,137,145
Public safety	9,524,257	-	-	9,524,257
Highways and streets	79,961	-	-	79,961
Sanitation	1,097,141	-	-	1,097,141
Health and welfare	28,494,799	-	-	28,494,799
Culture and recreation	2,764,993	-	-	2,764,993
Debt service:				
Principal retirement	-	6,592,230	-	6,592,230
Interest and fiscal charges	-	127,224	-	127,224
Capital outlay	-	28,309,069	-	28,309,069
Total expenditures	46,049,589	35,028,523	48,707	81,126,819
Excess (deficiency) of revenues over (under) expenditures	8,437,285	(6,420,309)	(23,857)	1,993,119
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term capital debt	-	12,508,753	-	12,508,753
Transfers from other funds	2,834,003	29,817,582	-	32,651,585
Transfers to other funds	(7,651,321)	(49,632,621)	-	(57,283,942)
Total other financing sources (uses)	(4,817,318)	(7,306,286)	-	(12,123,604)
Net change in fund balances	3,619,967	(13,726,595)	(23,857)	(10,130,485)
Fund balances - beginning	48,618,025	7,942,750	813,755	57,374,530
Fund balances (deficits) - ending	\$ 52,237,992	\$ (5,783,845)	\$ 789,898	\$ 47,244,045



# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the year ended December 31, 2012

	Homelessness Assistance	Tourism & Convention	Special Alcohol Program	Special Parks and Recreation
<b>REVENUES</b>				
Taxes	\$ -	\$ 6,099,845	\$ -	\$ -
Intergovernmental	160,598	-	1,773,775	1,773,776
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Rentals	-	-	-	-
Interest earnings	-	-	-	-
Charges for services and sales	-	-	-	-
Other	-	-	-	-
Total revenues	<u>160,598</u>	<u>6,099,845</u>	<u>1,773,775</u>	<u>1,773,776</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	321,440	-	1,915,563	-
Culture and recreation	-	2,419,629	-	-
Total expenditures	<u>321,440</u>	<u>2,419,629</u>	<u>1,915,563</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(160,842)</u>	<u>3,680,216</u>	<u>(141,788)</u>	<u>1,773,776</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	160,854	-	-	-
Transfers to other funds	-	(3,659,292)	(40,000)	(1,773,776)
Total other financing sources (uses)	<u>160,854</u>	<u>(3,659,292)</u>	<u>(40,000)</u>	<u>(1,773,776)</u>
Net change in fund balances	12	20,924	(181,788)	-
Fund balances, beginning	<u>79</u>	<u>2,907,426</u>	<u>853,651</u>	<u>-</u>
Fund balances, ending	<u>\$ 91</u>	<u>\$ 2,928,350</u>	<u>\$ 671,863</u>	<u>\$ -</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the year ended December 31, 2012

	Landfill	Landfill Post-closure	Central Inspection	Downtown Parking	State Office Building
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	4,877,375	-	-
Fines and penalties	-	-	6,326	-	-
Rentals	11,169	-	-	-	455,523
Interest earnings	-	-	-	-	-
Charges for services and sales	977,835	-	769,471	247,616	41,438
Other	-	934	442	-	429
Total revenues	<u>989,004</u>	<u>934</u>	<u>5,653,614</u>	<u>247,616</u>	<u>497,390</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	204,057	245,558
Public safety	-	-	4,949,610	-	-
Highways and streets	-	-	-	-	-
Sanitation	718,167	378,974	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>718,167</u>	<u>378,974</u>	<u>4,949,610</u>	<u>204,057</u>	<u>245,558</u>
Excess (deficiency) of revenues over expenditures	<u>270,837</u>	<u>(378,040)</u>	<u>704,004</u>	<u>43,559</u>	<u>251,832</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(125,000)	(50,000)	-	-	-
Total other financing sources (uses)	<u>(125,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	145,837	(428,040)	704,004	43,559	251,832
Fund balances, beginning	<u>3,232,647</u>	<u>21,118,338</u>	<u>354,897</u>	<u>34,310</u>	<u>353,024</u>
Fund balances, ending	<u>\$ 3,378,484</u>	<u>\$ 20,690,298</u>	<u>\$ 1,058,901</u>	<u>\$ 77,869</u>	<u>\$ 604,856</u>

Environmental TIF Districts	Self Supporting Municipal District	City - County	Grant Assistance	Wichita Area Metropolitan Planning Organization	2012 Totals
\$ 3,940,529	\$ 573,269	\$ -	\$ -	\$ -	\$ 10,613,643
-	-	1,625,729	25,471,959	973,616	31,779,453
-	-	-	-	-	4,877,375
-	-	-	-	-	6,326
-	-	-	1,415,306	-	1,881,998
-	-	-	35,499	-	35,499
-	-	162,825	96,475	-	2,295,660
183,848	-	4,169	2,807,098	-	2,996,920
4,124,377	573,269	1,792,723	29,826,337	973,616	54,486,874
-	587,928	1,681,640	387,888	981,367	4,088,438
-	-	1,804,172	2,770,475	-	9,524,257
-	-	-	79,961	-	79,961
-	-	-	-	-	1,097,141
1,134,381	-	-	25,123,415	-	28,494,799
-	-	-	345,364	-	2,764,993
1,134,381	587,928	3,485,812	28,707,103	981,367	46,049,589
2,989,996	(14,659)	(1,693,089)	1,119,234	(7,751)	8,437,285
-	-	1,625,729	1,047,420	-	2,834,003
(1,383,710)	-	(12,500)	(607,043)	-	(7,651,321)
(1,383,710)	-	1,613,229	440,377	-	(4,817,318)
1,606,286	(14,659)	(79,860)	1,559,611	(7,751)	3,619,967
15,318,146	14,659	95,140	4,335,708	-	48,618,025
\$ 16,924,432	\$ -	\$ 15,280	\$ 5,895,319	\$ (7,751)	\$ 52,237,992

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS For the year ended December 31, 2012

	Water Main Extension	Park Bond Construction	Public Improvement Construction
<b>REVENUES</b>			
Special assessments	\$ 60,793	\$ -	\$ -
Local sales tax	-	-	-
Intergovernmental	-	-	484,089
Other	30,874	12,000	168,734
Total revenues	<u>91,667</u>	<u>12,000</u>	<u>652,823</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	335,038	-	-
Interest and fiscal charges	1,410	3,143	101,368
Capital outlay	<u>604,025</u>	<u>1,706,229</u>	<u>19,234,206</u>
Total expenditures	<u>940,473</u>	<u>1,709,372</u>	<u>19,335,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(848,806)</u>	<u>(1,697,372)</u>	<u>(18,682,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term capital debt	1,062,669	-	3,113,725
Transfers from other funds	-	3,544,318	13,555,107
Transfers to other funds	-	(1,300)	(721,569)
Total other financing sources (uses)	<u>1,062,669</u>	<u>3,543,018</u>	<u>15,947,263</u>
Net change in fund balances	213,863	1,845,646	(2,735,488)
Fund balances (deficits) - beginning	<u>(1,042,569)</u>	<u>(3,612,794)</u>	<u>(27,519,578)</u>
Fund balances (deficits) - ending	<u>\$ (828,706)</u>	<u>\$ (1,767,148)</u>	<u>\$ (30,255,066)</u>

Sewer Construction	Local Sales Tax CIP	Sales Tax Pledge	ARRA Projects	Totals 2012
\$ 141,658	\$ -	\$ -	\$ -	\$ 202,451
-	-	26,273,117	-	26,273,117
-	-	-	1,169,385	1,653,474
254	267,310	-	-	479,172
<u>141,912</u>	<u>267,310</u>	<u>26,273,117</u>	<u>1,169,385</u>	<u>28,608,214</u>
6,257,192	-	-	-	6,592,230
21,303	-	-	-	127,224
5,440,083	-	-	1,324,526	28,309,069
<u>11,718,578</u>	<u>-</u>	<u>-</u>	<u>1,324,526</u>	<u>35,028,523</u>
<u>(11,576,666)</u>	<u>267,310</u>	<u>26,273,117</u>	<u>(155,141)</u>	<u>(6,420,309)</u>
8,332,359	-	-	-	12,508,753
301,174	12,416,983	-	-	29,817,582
-	(21,447,365)	(27,462,387)	-	(49,632,621)
<u>8,633,533</u>	<u>(9,030,382)</u>	<u>(27,462,387)</u>	<u>-</u>	<u>(7,306,286)</u>
(2,943,133)	(8,763,072)	(1,189,270)	(155,141)	(13,726,595)
<u>(6,442,429)</u>	<u>38,748,570</u>	<u>10,190,091</u>	<u>(2,378,541)</u>	<u>7,942,750</u>
<u>\$ (9,385,562)</u>	<u>\$ 29,985,498</u>	<u>\$ 9,000,821</u>	<u>\$ (2,533,682)</u>	<u>\$ (5,783,845)</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GENERAL FUND

For the year ended December 31, 2012

	Permanent Reserve	Ice Rink	Economic Development	General Fund	Combined General Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 86,154,616	\$ 86,154,616
Franchise taxes	-	-	-	37,406,752	37,406,752
Local sales tax	-	-	-	26,174,792	26,174,792
Intergovernmental	-	-	-	16,192,511	16,192,511
Licenses and permits	-	-	-	2,546,327	2,546,327
Fines and penalties	-	-	-	10,469,494	10,469,494
Rentals	-	-	489,208	2,243,685	2,732,893
Interest earnings	-	-	-	300,882	300,882
Charges for services and sales	-	-	311,561	8,040,194	8,351,755
Other	-	-	372,313	6,957,966	7,330,279
Total revenues	-	-	1,173,082	196,487,219	197,660,301
<b>EXPENDITURES</b>					
Current:					
General government	-	-	3,551,108	26,954,909	30,506,017
Public safety	-	-	-	117,209,524	117,209,524
Highways and streets	-	-	-	18,105,735	18,105,735
Sanitation	-	-	-	2,624,743	2,624,743
Health and welfare	-	-	-	3,639,489	3,639,489
Culture and recreation	-	-	-	28,295,742	28,295,742
Total expenditures	-	-	3,551,108	196,830,142	200,381,250
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,378,026)	(342,923)	(2,720,949)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	3,650,000	12,003,610	15,653,610
Transfers to other funds	(1,821,848)	(52,964)	(114,180)	(10,510,811)	(12,499,803)
Total other financing sources (uses)	(1,821,848)	(52,964)	3,535,820	1,492,799	3,153,807
Net change in fund balances	(1,821,848)	(52,964)	1,157,794	1,149,876	432,858
Fund balances - beginning	1,821,848	52,964	4,344,864	24,514,288	30,733,964
Fund balances - ending	\$ -	\$ -	\$ 5,502,658	\$ 25,664,164	\$ 31,166,822

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DEBT SERVICE FUND

For the year ended December 31, 2012

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 2,127,224	\$ 26,193,907	\$ 28,321,131
Special assessments	-	32,799,940	32,799,940
Local sales tax	-	20,587	20,587
Rentals	122,282	-	122,282
Sale of property	-	184,600	184,600
Interest earnings	-	193,462	193,462
Other	-	375,444	375,444
Total revenues	<u>2,249,506</u>	<u>59,767,940</u>	<u>62,017,446</u>
<b>EXPENDITURES</b>			
Current:			
Debt service:			
Principal retirement	-	51,764,944	51,764,944
Interest and fiscal charges	-	19,854,012	19,854,012
Total expenditures	<u>-</u>	<u>71,618,956</u>	<u>71,618,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,249,506</u>	<u>(11,851,016)</u>	<u>(9,601,510)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding bonds	-	51,325,000	51,325,000
Premiums on bonds sold	-	2,104,958	2,104,958
Premiums on refunded bonds	-	7,897,600	7,897,600
Payments on refunded bonds	-	(22,490,000)	(22,490,000)
Transfers from other funds	-	21,983,833	21,983,833
Transfers to other funds	(2,352,130)	(20,403,885)	(22,756,015)
Total other financing sources (uses)	<u>(2,352,130)</u>	<u>40,417,506</u>	<u>38,065,376</u>
Net change in fund balances	(102,624)	28,566,490	28,463,866
Fund balances - beginning	<u>335,227</u>	<u>85,545,157</u>	<u>85,880,384</u>
Fund balances - ending	<u>\$ 232,603</u>	<u>\$ 114,111,647</u>	<u>\$ 114,344,250</u>

# CITY OF WICHITA, KANSAS

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Local government taxes					
Property taxes	\$ 73,360,618	\$ 73,360,618	\$ 74,163,721	\$ 803,103	\$ 73,579,110
Delinquent property taxes	1,850,000	1,850,000	1,992,339	142,339	1,401,077
IRBs, In-lieu-of-taxes	8,000	8,000	(3,397)	(11,397)	36,271
WHA, in-lieu-of-taxes	50,000	50,000	46,208	(3,792)	46,969
Other property taxes	-	-	(69,242)	(69,242)	(75,498)
Motor vehicle tax	10,510,051	10,510,051	10,024,987	(485,064)	9,888,592
Local sales tax	25,412,487	25,412,487	26,174,792	762,305	24,987,675
Franchise fees	40,058,706	40,058,706	37,406,752	(2,651,954)	36,778,909
Total local government taxes	151,249,862	151,249,862	149,736,160	(1,513,702)	146,643,105
Licenses and permits	2,808,918	2,808,918	2,546,327	(262,591)	2,527,086
Fines and penalties	11,503,595	11,503,595	10,469,494	(1,034,101)	10,329,705
Intergovernmental	16,741,600	16,741,600	16,192,511	(549,089)	16,104,619
Charges for services and sales	10,496,824	10,496,824	8,040,194	(2,456,630)	8,886,900
Rental/lease income	2,494,390	2,494,390	2,243,685	(250,705)	2,135,212
Interest earnings	2,150,000	2,150,000	300,882	(1,849,118)	912,020
Reimbursed expenditures	5,010,410	5,010,410	2,985,799	(2,024,611)	6,204,841
Administrative fees	3,916,340	3,916,340	4,009,388	93,048	3,805,656
Total revenues	206,371,939	206,371,939	196,524,440	(9,847,499)	197,549,144
<b>EXPENDITURES</b>					
City Council:					
Personnel services	598,386	598,386	576,771	21,615	552,072
Contractual services	117,766	117,766	118,601	(835)	136,378
Materials and supplies	18,100	18,100	20,116	(2,016)	19,893
Total City Council	734,252	734,252	715,488	18,764	708,343
City Manager:					
Personnel services	2,390,647	2,390,647	1,745,582	645,065	1,789,923
Contractual services	651,787	651,787	263,792	387,995	275,715
Materials and supplies	21,150	21,150	12,699	8,451	12,465
Contingency	(24,140)	(24,140)	-	(24,140)	-
Total City Manager	3,039,444	3,039,444	2,022,073	1,017,371	2,078,103
Department of Finance:					
Personnel services	4,122,466	4,122,466	3,317,928	804,538	3,438,972
Contractual services	739,402	739,402	734,507	4,895	641,198
Materials and supplies	27,480	27,480	17,933	9,547	16,529
Other	500,000	500,000	-	500,000	-
Contingency	(521,001)	(521,001)	-	(521,001)	-
Total Department of Finance	4,868,347	4,868,347	4,070,368	797,979	4,096,699



# CITY OF WICHITA, KANSAS

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
Law Department:					
Personnel services	2,325,839	2,325,839	2,022,118	303,721	1,971,722
Contractual services	275,019	275,019	254,963	20,056	259,031
Materials and supplies	6,520	6,520	5,365	1,155	4,983
Contingency	(99,834)	(99,834)	-	(99,834)	-
Total Law Department	2,507,544	2,507,544	2,282,446	225,098	2,235,736
Municipal Court:					
Personnel services	4,949,172	4,949,172	4,146,545	802,627	4,354,274
Contractual services	1,598,712	1,598,712	1,465,294	133,418	1,512,842
Materials and supplies	59,683	59,683	39,424	20,259	40,083
Contingency	(243,728)	(243,728)	-	(243,728)	-
Total Municipal Court	6,363,839	6,363,839	5,651,263	712,576	5,907,199
Fire Department:					
Personnel services	38,023,886	38,023,886	38,533,993	(510,107)	36,603,039
Contractual services	1,939,699	1,939,699	2,024,001	(84,302)	1,838,368
Materials and supplies	962,315	962,315	961,336	979	839,769
Other	-	-	64,978	(64,978)	39,314
Contingency	(272,125)	(272,125)	-	(272,125)	-
Total Fire Department	40,653,775	40,653,775	41,584,308	(930,533)	39,320,490
Police Department:					
Personnel services	68,686,372	68,686,372	65,899,134	2,787,238	65,847,391
Contractual services	6,809,158	6,809,158	6,872,889	(63,731)	6,397,276
Materials and supplies	2,193,519	2,193,519	2,363,996	(170,477)	2,425,626
Other	-	-	25,500	(25,500)	-
Contingency	(1,756,625)	(1,756,625)	-	(1,756,625)	-
Total Police Department	75,932,424	75,932,424	75,161,519	770,905	74,670,293
Housing & Community Services:					
Personnel services	25,032	25,032	29,618	(4,586)	26,299
Contractual services	3,590	3,590	75	3,515	675
Total Housing & Community Services	28,622	28,622	29,693	(1,071)	26,974
Library:					
Personnel services	6,094,854	6,094,854	5,548,956	545,898	5,566,099
Contractual services	1,029,320	1,029,320	988,760	40,560	935,543
Materials and supplies	753,426	753,426	756,501	(3,075)	720,089
Other	164,442	164,442	174,102	(9,660)	163,784
Contingency	(332,127)	(332,127)	-	(332,127)	-
Engineering overhead	-	-	-	-	-
Total Library	7,709,915	7,709,915	7,468,319	241,596	7,385,515

(continued)

# CITY OF WICHITA, KANSAS

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
CMO - Cultural Arts Division:					
Personnel services	4,538,424	4,538,424	4,121,677	416,747	4,153,147
Contractual services	3,258,398	3,258,398	3,142,311	116,087	3,312,050
Materials and supplies	215,320	215,320	162,408	52,912	189,520
Other	47,500	47,500	45,967	1,533	40,756
Contingency	137	137	-	137	-
Total CMO - Cultural Arts Division	8,059,779	8,059,779	7,472,363	587,416	7,695,473
Public Works & Utilities-Admin & Building Services:					
Personnel services	6,466,519	6,466,519	4,373,459	2,093,060	5,842,117
Contractual services	6,696,462	6,696,462	6,471,132	225,330	6,241,675
Materials and supplies	741,350	741,350	781,211	(39,861)	669,273
Capital outlay	210,632	210,632	7,390	203,242	21,655
Contingency	(195,950)	(195,950)	-	(195,950)	-
Total Public Works & Utilities-Admin & Building Services	13,919,013	13,919,013	11,633,192	2,285,821	12,774,720
Public Works & Utilities-Environmental Services:					
Personnel services	1,629,304	1,629,304	1,634,997	(5,693)	1,396,475
Contractual services	360,882	360,882	233,076	127,806	219,889
Materials and supplies	51,212	51,212	44,532	6,680	35,205
Contingency	(138,732)	(138,732)	-	(138,732)	-
Total Public Works & Utilities-Environmental Services	1,902,666	1,902,666	1,912,605	(9,939)	1,651,569
Park:					
Personnel services	9,207,554	9,207,554	7,852,834	1,354,720	7,723,255
Contractual services	4,496,874	4,496,874	4,376,803	120,071	4,606,867
Materials and supplies	919,343	919,343	723,181	196,162	775,938
Capital outlay	27,500	27,500	-	27,500	32,047
Other	56,020	56,020	61,213	(5,193)	65,065
Contingency	(1,186,663)	(1,186,663)	-	(1,186,663)	-
Total Park	13,520,628	13,520,628	13,014,031	506,597	13,203,172
Non Departmental:					
Personnel services	3,107,239	3,107,239	46,206	3,061,033	175,000
Contractual services	2,968,659	2,968,659	2,917,526	51,133	3,104,844
Materials and supplies	72,485	72,485	19,793	52,692	33,920
Contingency	(2,904,527)	(2,904,527)	49,336	(2,953,863)	57,469
Total Non Departmental	3,243,856	3,243,856	3,032,861	210,995	3,371,233
Central Inspection:					
Personnel services	412,325	412,325	363,005	49,320	422,800
Contractual services	364,098	364,098	273,530	90,568	289,498
Materials and supplies	12,658	12,658	11,227	1,431	11,567
Contingency	(15,806)	(15,806)	-	(15,806)	-
Total Central Inspection	773,275	773,275	647,762	125,513	723,865

# CITY OF WICHITA, KANSAS

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
Human Resources:					
Personnel services	1,340,762	1,340,762	1,020,222	320,540	1,346,451
Contractual services	205,277	205,277	200,206	5,071	175,961
Materials and supplies	15,000	15,000	8,048	6,952	10,389
Contingency	(67,567)	(67,567)	-	(67,567)	-
Total Human Resources	1,493,472	1,493,472	1,228,476	264,996	1,532,801
Public Works-Gas Tax:					
Personnel services	10,570,691	10,570,691	8,580,289	1,990,402	9,274,803
Contractual services	10,082,308	10,082,308	7,009,143	3,073,165	9,641,070
Materials and supplies	2,772,489	2,772,489	2,194,283	578,206	2,381,137
Capital outlay	81,448	81,448	21,958	59,490	-
Other	106,773	106,773	104,736	2,037	150,136
Contingency	(608,954)	(608,954)	-	(608,954)	-
Engineering overhead	228,000	228,000	146,186	81,814	257,131
Total Public Works-Gas Tax	23,232,755	23,232,755	18,056,595	5,176,160	21,704,277
Total expenditures	207,983,606	207,983,606	195,983,362	12,000,244	199,086,462
Excess (deficiency) of revenues over (under) expenditures	(1,611,667)	(1,611,667)	541,078	2,152,745	(1,537,318)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	11,540,935	11,540,935	10,181,762	(1,359,173)	11,609,311
Transfers to other funds	(9,929,268)	(9,929,268)	(10,510,811)	(581,543)	(9,539,736)
Total other financing sources (uses)	1,611,667	1,611,667	(329,049)	(1,940,716)	2,069,575
Net change in fund balances	-	-	212,029	212,029	532,257
Unencumbered fund balances - beginning	22,592,677	22,592,677	23,124,934	532,257	22,592,677
Unencumbered fund balances - ending	<u>\$ 22,592,677</u>	<u>\$ 22,592,677</u>	<u>\$ 23,336,963</u>	<u>\$ 744,286</u>	<u>\$ 23,124,934</u>

The 2012 certified expenditure budget is \$229,137,874 including an appropriated reserve of \$11,225,000.

**CITY OF WICHITA, KANSAS**

**GENERAL FUND-PERMANENT RESERVE SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Other revenue	\$ 644,580	\$ 644,580	\$ -	\$ (644,580)	\$ -
Total revenues	644,580	644,580	-	(644,580)	-
<b>EXPENDITURES</b>					
General Government:					
Other operating expenditures	644,580	644,580	-	644,580	-
Total expenditures	644,580	644,580	-	644,580	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
Unencumbered fund balances - beginning	-	-	1,821,848	1,821,848	1,821,848
Unencumbered fund balances - ending	\$ -	\$ -	\$ 1,821,848	\$ 1,821,848	\$ 1,821,848

**CITY OF WICHITA, KANSAS**

**GENERAL FUND-ICE RINK MANAGEMENT SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Rental/lease income	\$ 63,158	\$ 63,158	\$ -	\$ (63,158)	\$ -
Other revenue	-	-	-	-	44,727
Total revenues	63,158	63,158	-	(63,158)	44,727
<b>EXPENDITURES</b>					
Culture and Recreation:					
Other operating expenditures	108,238	108,238	-	108,238	100,000
Total expenditures	108,238	108,238	-	108,238	100,000
Excess (deficiency) of revenues over (under) expenditures	(45,080)	(45,080)	-	45,080	(55,273)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	-	(52,964)	(52,964)	-
Total other financing sources (uses)	-	-	(52,964)	(52,964)	-
Net change in fund balances	(45,080)	(45,080)	(52,964)	(7,884)	(55,273)
Unencumbered fund balances - beginning	45,080	45,080	52,964	7,884	108,237
Unencumbered fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ 52,964

# CITY OF WICHITA, KANSAS

## GENERAL FUND-ECONOMIC DEVELOPMENT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 597,500	\$ 597,500	\$ 311,561	\$ (285,939)	\$ 901,293
Rental/lease income	507,500	507,500	489,208	(18,292)	497,022
Interest earnings	1,125	1,125	-	(1,125)	-
Other revenue	128,179	128,179	124,740	(3,439)	235,609
Administrative fees	505,000	505,000	270,511	(234,489)	238,500
Total revenues	1,739,304	1,739,304	1,196,020	(543,284)	1,872,424
<b>EXPENDITURES</b>					
General Government:					
Personnel services	425,620	425,620	438,204	(12,584)	403,591
Contractual services	1,848,518	1,848,518	1,999,383	(150,865)	4,180,917
Materials and supplies	28,000	28,000	3,198	24,802	20,029
Other operating expenditures	4,601,513	4,601,513	608,323	3,993,190	99,037
Total expenditures	6,903,651	6,903,651	3,049,108	3,854,543	4,703,574
Excess (deficiency) of revenues over (under) expenditures	(5,164,347)	(5,164,347)	(1,853,088)	3,311,259	(2,831,150)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	3,650,000	3,650,000	3,650,000	-	3,525,000
Transfers to other funds	(114,180)	(114,180)	(114,180)	-	(114,180)
Total other financing sources (uses)	3,535,820	3,535,820	3,535,820	-	3,410,820
Net change in fund balances	(1,628,527)	(1,628,527)	1,682,732	3,311,259	579,670
Unencumbered fund balances - beginning	1,801,735	1,801,735	2,319,498	517,763	1,739,828
Unencumbered fund balances - ending	\$ 173,208	\$ 173,208	\$ 4,002,230	\$ 3,829,022	\$ 2,319,498

**CITY OF WICHITA, KANSAS**

**HOMELESSNESS ASSISTANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 191,368	\$ 191,368	\$ 160,598	\$ (30,770)	\$ 161,148
Total revenues	191,368	191,368	160,598	(30,770)	161,148
<b>EXPENDITURES</b>					
Health and Welfare:					
Contractual services	382,736	382,736	321,452	61,284	322,772
Total expenditures	382,736	382,736	321,452	61,284	322,772
Excess (deficiency) of revenues over (under) expenditures	(191,368)	(191,368)	(160,854)	30,514	(161,624)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	191,368	191,368	160,854	(30,514)	161,624
Total other financing sources (uses)	191,368	191,368	160,854	(30,514)	161,624
Net change in fund balances	-	-	-	-	-
Unencumbered fund balances - beginning	-	-	-	-	-
Unencumbered fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WICHITA, KANSAS**

**TOURISM AND CONVENTION PROMOTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 5,977,210	\$ 5,977,210	\$ 6,099,845	\$ 122,635	\$ 6,040,715
Other revenue	-	-	111,625	111,625	24,648
Total revenues	5,977,210	5,977,210	6,211,470	234,260	6,065,363
<b>EXPENDITURES</b>					
Culture and Recreation:					
Contractual services	2,556,370	2,556,370	2,477,600	78,770	2,396,602
Total expenditures	2,556,370	2,556,370	2,477,600	78,770	2,396,602
Excess (deficiency) of revenues over (under) expenditures	3,420,840	3,420,840	3,733,870	313,030	3,668,761
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(5,426,760)	(5,426,760)	(3,659,292)	1,767,468	(3,211,943)
Total other financing sources (uses)	(5,426,760)	(5,426,760)	(3,659,292)	1,767,468	(3,211,943)
Net change in fund balances	(2,005,920)	(2,005,920)	74,578	2,080,498	456,818
Unencumbered fund balances - beginning	2,400,664	2,400,664	2,621,932	221,268	2,165,114
Unencumbered fund balances - ending	\$ 394,744	\$ 394,744	\$ 2,696,510	\$ 2,301,766	\$ 2,621,932



**CITY OF WICHITA, KANSAS**

**SPECIAL ALCOHOL PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 1,899,760	\$ 1,899,760	\$ 1,773,776	\$ (125,984)	\$ 1,684,138
Interest earnings	2,500	2,500	-	(2,500)	-
Other revenue	-	-	65,635	65,635	-
Total revenues	1,902,260	1,902,260	1,839,411	(62,849)	1,684,138
<b>EXPENDITURES</b>					
Health and Welfare:					
Contractual services	1,778,280	1,778,280	1,639,942	138,338	1,770,596
Other operating expenditures	150,000	150,000	125,000	25,000	125,000
Total expenditures	1,928,280	1,928,280	1,764,942	163,338	1,895,596
Excess (deficiency) of revenues over (under) expenditures	(26,020)	(26,020)	74,469	100,489	(211,458)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	-	(40,000)	(40,000)	-
Total other financing sources (uses)	-	-	(40,000)	(40,000)	-
Net change in fund balances	(26,020)	(26,020)	34,469	60,489	(211,458)
Unencumbered fund balances - beginning	119,059	119,059	245,212	126,153	456,670
Unencumbered fund balances - ending	\$ 93,039	\$ 93,039	\$ 279,681	\$ 186,642	\$ 245,212

**CITY OF WICHITA, KANSAS**

**SPECIAL PARKS AND RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 1,899,759	\$ 1,899,759	\$ 1,773,776	\$ (125,983)	\$ 1,684,137
Interest earnings	250	250	-	(250)	-
Total revenues	<u>1,900,009</u>	<u>1,900,009</u>	<u>1,773,776</u>	<u>(126,233)</u>	<u>1,684,137</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(1,900,009)</u>	<u>(1,900,009)</u>	<u>(1,773,776)</u>	126,233	<u>(1,722,036)</u>
Total other financing sources (uses)	<u>(1,900,009)</u>	<u>(1,900,009)</u>	<u>(1,773,776)</u>	126,233	<u>(1,722,036)</u>
Net change in fund balances	-	-	-	-	(37,899)
Unencumbered fund balances - beginning	-	-	-	-	37,899
Unencumbered fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WICHITA, KANSAS**

**LANDFILL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 1,050,000	\$ 1,050,000	\$ 977,835	\$ (72,165)	\$ 774,506
Rental/lease income	62,000	62,000	11,169	(50,831)	22,745
Interest earnings	1,000	1,000	-	(1,000)	-
Other revenue	-	-	24,200	24,200	-
Total revenues	1,113,000	1,113,000	1,013,204	(99,796)	797,251
<b>EXPENDITURES</b>					
Sanitation:					
Personnel services	-	-	87,713	(87,713)	81,250
Contractual services	886,697	886,697	620,288	266,409	755,466
Materials and supplies	11,000	11,000	7,960	3,040	2,379
Other operating expenditures	3,400,000	3,400,000	-	3,400,000	-
Total expenditures	4,297,697	4,297,697	715,961	3,581,736	839,095
Excess (deficiency) of revenues over (under) expenditures	(3,184,697)	(3,184,697)	297,243	3,481,940	(41,844)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	-	(125,000)	(125,000)	-
Total other financing sources (uses)	-	-	(125,000)	(125,000)	-
Net change in fund balances	(3,184,697)	(3,184,697)	172,243	3,356,940	(41,844)
Unencumbered fund balances - beginning	3,248,971	3,248,971	3,199,176	(49,795)	3,241,020
Unencumbered fund balances - ending	\$ 64,274	\$ 64,274	\$ 3,371,419	\$ 3,307,145	\$ 3,199,176

**CITY OF WICHITA, KANSAS**

**LANDFILL POST-CLOSURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Interest earnings	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	\$ -
Other revenue	-	-	934	934	-
Total revenues	5,000	5,000	934	(4,066)	-
<b>EXPENDITURES</b>					
Sanitation:					
Personnel services	199,769	199,769	239,935	(40,166)	208,393
Contractual services	711,370	711,370	360,658	350,712	83,966
Materials and supplies	19,244	19,244	6,211	13,033	15,705
Other operating expenditures	18,250,000	18,250,000	-	18,250,000	-
Total expenditures	19,180,383	19,180,383	606,804	18,573,579	308,064
Excess (deficiency) of revenues over (under) expenditures	(19,175,383)	(19,175,383)	(605,870)	18,569,513	(308,064)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(400,000)	(400,000)	(50,000)	350,000	(400,000)
Total other financing sources (uses)	(400,000)	(400,000)	(50,000)	350,000	(400,000)
Net change in fund balances	(19,575,383)	(19,575,383)	(655,870)	18,919,513	(708,064)
Unencumbered fund balances - beginning	20,479,690	20,479,690	21,072,392	592,702	21,780,456
Unencumbered fund balances - ending	\$ 904,307	\$ 904,307	\$ 20,416,522	\$ 19,512,215	\$ 21,072,392

**CITY OF WICHITA, KANSAS**

**CENTRAL INSPECTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 1,708	\$ 1,708	\$ -	\$ (1,708)	\$ -
Licenses	571,088	571,088	597,529	26,441	488,715
Permits	3,990,505	3,990,505	4,279,846	289,341	3,719,249
Fines and penalties	27,303	27,303	6,326	(20,977)	15,780
Charges for services and sales	909,762	909,762	769,399	(140,363)	926,399
Fees	-	-	72	72	39
Other revenue	-	-	442	442	394
Total revenues	5,500,366	5,500,366	5,653,614	153,248	5,150,576
<b>EXPENDITURES</b>					
Public Safety:					
Personnel services	4,199,787	4,199,787	3,857,728	342,059	4,079,532
Contractual services	988,566	988,566	938,342	50,224	874,846
Materials and supplies	98,144	98,144	86,710	11,434	82,242
Other operating expenditures	397,294	397,294	66,994	330,300	66,458
Total expenditures	5,683,791	5,683,791	4,949,774	734,017	5,103,078
Excess (deficiency) of revenues over (under) expenditures	(183,425)	(183,425)	703,840	887,265	47,498
Net change in fund balances	(183,425)	(183,425)	703,840	887,265	47,498
Unencumbered fund balances - beginning	437,782	437,782	353,690	(84,092)	306,192
Unencumbered fund balances - ending	\$ 254,357	\$ 254,357	\$ 1,057,530	\$ 803,173	\$ 353,690

**CITY OF WICHITA, KANSAS**

**DOWNTOWN PARKING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 499,106	\$ 499,106	\$ 247,616	\$ (251,490)	\$ 217,049
Rental/lease income	5,350	5,350	-	(5,350)	-
Total revenues	504,456	504,456	247,616	(256,840)	217,049
<b>EXPENDITURES</b>					
General Government:					
Contractual services	446,277	446,277	165,960	280,317	144,654
Materials and supplies	20,000	20,000	1,077	18,923	499
Other operating expenditures	38,179	38,179	37,026	1,153	37,586
Total expenditures	504,456	504,456	204,063	300,393	182,739
Excess (deficiency) of revenues over (under) expenditures	-	-	43,553	43,553	34,310
Net change in fund balances	-	-	43,553	43,553	34,310
Unencumbered fund balances - beginning	-	-	34,310	34,310	-
Unencumbered fund balances - ending	\$ -	\$ -	\$ 77,863	\$ 77,863	\$ 34,310

**CITY OF WICHITA, KANSAS**

**STATE OFFICE BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 17,000	\$ 17,000	\$ 41,438	\$ 24,438	\$ 13,841
Rental/lease income	208,000	208,000	455,523	247,523	122,178
Other revenue	-	-	489	489	-
Total revenues	225,000	225,000	497,450	272,450	136,019
<b>EXPENDITURES</b>					
General Government:					
Personnel services	-	-	880	(880)	1,082
Contractual services	221,934	221,934	240,561	(18,627)	232,642
Materials and supplies	6,420	6,420	4,132	2,288	2,196
Other operating expenditures	425,000	425,000	-	425,000	-
Total expenditures	653,354	653,354	245,573	407,781	235,920
Excess (deficiency) of revenues over (under) expenditures	(428,354)	(428,354)	251,877	680,231	(99,901)
Net change in fund balances	(428,354)	(428,354)	251,877	680,231	(99,901)
Unencumbered fund balances - beginning	434,222	434,222	352,935	(81,287)	452,836
Unencumbered fund balances - ending	\$ 5,868	\$ 5,868	\$ 604,812	\$ 598,944	\$ 352,935

**CITY OF WICHITA, KANSAS**

**GILBERT & MOSLEY TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 2,700,502	\$ 2,700,502	\$ 2,755,346	\$ 54,844	\$ 2,782,933
Intergovernmental	125,000	125,000	-	(125,000)	-
Interest earnings	1,500	1,500	-	(1,500)	-
Other revenue	107,500	107,500	183,848	76,348	110,863
Total revenues	2,934,502	2,934,502	2,939,194	4,692	2,893,796
<b>EXPENDITURES</b>					
Health and Welfare:					
Contractual services	1,205,129	1,205,129	344,819	860,310	573,862
Materials and supplies	47,606	47,606	42,729	4,877	31,268
Other operating expenditures	4,326,078	4,326,078	184,475	4,141,603	173,555
Total expenditures	5,578,813	5,578,813	572,023	5,006,790	778,685
Excess (deficiency) of revenues over (under) expenditures	(2,644,311)	(2,644,311)	2,367,171	5,011,482	2,115,111
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,383,710)	(1,383,710)	(1,383,710)	-	(1,372,678)
Total other financing sources (uses)	(1,383,710)	(1,383,710)	(1,383,710)	-	(1,372,678)
Net change in fund balances	(4,028,021)	(4,028,021)	983,461	5,011,482	742,433
Unencumbered fund balances - beginning	4,357,219	4,357,219	5,507,696	1,150,477	4,765,263
Unencumbered fund balances - ending	\$ 329,198	\$ 329,198	\$ 6,491,157	\$ 6,161,959	\$ 5,507,696



**CITY OF WICHITA, KANSAS**

**NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 1,047,660	\$ 1,047,660	\$ 1,185,183	\$ 137,523	\$ 1,201,531
Interest earnings	2,500	2,500	-	(2,500)	-
Other revenue	-	-	-	-	112,199
Total revenues	1,050,160	1,050,160	1,185,183	135,023	1,313,730
<b>EXPENDITURES</b>					
Health and Welfare:					
Contractual services	1,437,295	1,437,295	42,065	1,395,230	1,285,000
Materials and supplies	4,300	4,300	128	4,172	693
Capital outlay	21,500	21,500	-	21,500	-
Other operating expenditures	6,926,078	6,926,078	183,115	6,742,963	173,555
Total expenditures	8,389,173	8,389,173	225,308	8,163,865	1,459,248
Excess (deficiency) of revenues over (under) expenditures	(7,339,013)	(7,339,013)	959,875	8,298,888	(145,518)
Net change in fund balances	(7,339,013)	(7,339,013)	959,875	8,298,888	(145,518)
Unencumbered fund balances - beginning	7,730,956	7,730,956	8,202,671	471,715	8,348,189
Unencumbered fund balances - ending	\$ 391,943	\$ 391,943	\$ 9,162,546	\$ 8,770,603	\$ 8,202,671

**CITY OF WICHITA, KANSAS**

**SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 588,128	\$ 588,128	\$ 573,269	\$ (14,859)	\$ 602,048
Other revenue	34,682	34,682	-	(34,682)	-
Total revenues	622,810	622,810	573,269	(49,541)	602,048
<b>EXPENDITURES</b>					
General Government:					
Contractual services	622,810	622,810	587,928	34,882	594,603
Total expenditures	622,810	622,810	587,928	34,882	594,603
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,659)	(14,659)	7,445
Net change in fund balances	-	-	(14,659)	(14,659)	7,445
Unencumbered fund balances - beginning	-	-	14,659	14,659	7,214
Unencumbered fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ 14,659

**CITY OF WICHITA, KANSAS**

**CITY/COUNTY FLOOD CONTROL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 976,777	\$ 976,777	\$ 862,055	\$ (114,722)	\$ 854,429
Charges for services and sales	-	-	202	202	189
Total revenues	976,777	976,777	862,257	(114,520)	854,618
<b>EXPENDITURES</b>					
Public Safety:					
Personnel services	1,147,092	1,147,092	1,000,287	146,805	989,008
Contractual services	502,963	502,963	432,538	70,425	465,988
Materials and supplies	300,478	300,478	290,212	10,266	254,051
Other operating expenditures	3,021	3,021	1,275	1,746	-
Total expenditures	1,953,554	1,953,554	1,724,312	229,242	1,709,047
Excess (deficiency) of revenues over (under) expenditures	(976,777)	(976,777)	(862,055)	114,722	(854,429)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	976,777	976,777	862,055	(114,722)	854,429
Total other financing sources (uses)	976,777	976,777	862,055	(114,722)	854,429
Net change in fund balances	-	-	-	-	-
Unencumbered fund balances - beginning	-	-	-	-	-
Unencumbered fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WICHITA, KANSAS**

**CITY/COUNTY METROPOLITAN PLANNING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 822,601	\$ 822,601	\$ 763,674	\$ (58,927)	\$ 867,572
Charges for services and sales	173,256	173,256	162,623	(10,633)	152,812
Other revenue	-	-	4,168	4,168	46,505
Total revenues	995,857	995,857	930,465	(65,392)	1,066,889
<b>EXPENDITURES</b>					
General Government:					
Personnel services	1,571,541	1,571,541	1,531,491	40,050	1,737,961
Contractual services	185,627	185,627	144,016	41,611	150,358
Materials and supplies	16,930	16,930	6,132	10,798	7,760
Other operating expenditures	44,360	44,360	-	44,360	-
Total expenditures	1,818,458	1,818,458	1,681,639	136,819	1,896,079
Excess (deficiency) of revenues over (under) expenditures	(822,601)	(822,601)	(751,174)	71,427	(829,190)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	822,601	822,601	763,674	(58,927)	867,572
Transfers to other funds	-	-	(12,500)	(12,500)	(37,634)
Total other financing sources (uses)	822,601	822,601	751,174	(71,427)	829,938
Net change in fund balances	-	-	-	-	748
Unencumbered fund balances - beginning	-	-	-	-	(748)
Unencumbered fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WICHITA, KANSAS**

**SALES TAX CONSTRUCTION PLEDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 25,412,487	\$ 25,412,487	\$ 26,273,117	\$ 860,630	\$ 25,058,712
Charges for services and sales	1,500,000	1,500,000	-	(1,500,000)	-
Interest earnings	150,000	150,000	-	(150,000)	-
Total revenues	27,062,487	27,062,487	26,273,117	(789,370)	25,058,712
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(41,238,074)	(41,238,074)	(27,462,387)	13,775,687	(25,679,038)
Total other financing sources (uses)	(41,238,074)	(41,238,074)	(27,462,387)	13,775,687	(25,679,038)
Net change in fund balances	(14,175,587)	(14,175,587)	(1,189,270)	12,986,317	(620,326)
Unencumbered fund balances - beginning	16,219,099	16,219,099	10,190,091	(6,029,008)	10,810,417
Unencumbered fund balances - ending	\$ 2,043,512	\$ 2,043,512	\$ 9,000,821	\$ 6,957,309	\$ 10,190,091

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Property taxes	\$ 22,220,748	\$ 22,220,748	\$ 22,425,179	\$ 204,431	\$ 22,319,218
Delinquent property taxes	900,000	900,000	698,271	(201,729)	626,413
Special assessments	34,633,868	34,633,868	30,643,098	(3,990,770)	33,267,175
Delinquent special assessments	2,066,198	2,066,198	2,156,842	90,644	1,642,580
Motor vehicle tax	3,182,036	3,182,036	3,070,457	(111,579)	3,009,011
Local sales tax	-	-	20,587	20,587	-
Sale of property-Land	-	-	184,600	184,600	-
Interest earnings	250,000	250,000	41,892	(208,108)	11,957
Other	765,922	765,922	375,444	(390,478)	457,876
<b>Total revenues</b>	<b>64,018,772</b>	<b>64,018,772</b>	<b>59,616,370</b>	<b>(4,402,402)</b>	<b>61,334,230</b>
<b>EXPENDITURES</b>					
Interest on general obligation bonds	10,690,909	10,690,909	7,951,088	2,739,821	8,523,006
Interest on special assessment bonds	8,876,502	8,876,502	9,050,088	(173,586)	9,917,673
Interest on HUD Section 108 loan	42,813	42,813	42,813	-	61,909
Commission, postage and refunds	5,500	5,500	1,750	3,750	87,771
Retirement of general obligation bonds	29,191,728	29,191,728	27,584,944	1,606,784	26,324,981
Retirement of special assessment bonds	23,655,000	23,655,000	23,850,000	(195,000)	24,295,000
Retirement of HUD Section 108 loan	330,000	330,000	330,000	-	310,000
Reimbursements-interfund & interdepart	-	-	37,658	(37,658)	1,353,094
Refunds	-	-	16,186	(16,186)	-
<b>Total expenditures</b>	<b>72,792,452</b>	<b>72,792,452</b>	<b>68,864,527</b>	<b>3,927,925</b>	<b>70,873,434</b>
Excess (deficiency) of revenues over (under) expenditures	(8,773,680)	(8,773,680)	(9,248,157)	(474,477)	(9,539,204)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premiums on bonds sold	500,000	500,000	2,104,958	1,604,958	423,994
Transfers from other funds	24,545,347	24,545,347	21,983,833	(2,561,514)	21,864,722
Transfers to other funds - retirement of temporary notes	(32,000,000)	(32,000,000)	(20,403,885)	11,596,115	(18,973,128)
<b>Total other financing sources (uses)</b>	<b>(6,954,653)</b>	<b>(6,954,653)</b>	<b>3,684,906</b>	<b>10,639,559</b>	<b>3,315,588</b>
<b>Net change in unencumbered cash balances</b>	<b>(15,728,333)</b>	<b>(15,728,333)</b>	<b>(5,563,251)</b>	<b>10,165,082</b>	<b>(6,223,616)</b>
Unencumbered fund balances - beginning	20,857,891	20,857,891	23,362,847	2,504,956	29,586,463
Unencumbered fund balances - ending	\$ 5,129,558	\$ 5,129,558	\$ 17,799,596	\$ 12,670,038	\$ 23,362,847

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND - EAST BANK TIF DISTRICT SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 1,889,352	\$ 1,889,352	\$ 1,577,399	\$ (311,953)	\$ 1,949,791
Rental/lease income	50,000	50,000	21,874	(28,126)	52,520
Total revenues	1,939,352	1,939,352	1,599,273	(340,079)	2,002,311
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,980,000)	(1,980,000)	(1,806,647)	173,353	(2,900,000)
Total other financing sources (uses)	(1,980,000)	(1,980,000)	(1,806,647)	173,353	(2,900,000)
Net change in fund balances	(40,648)	(40,648)	(207,374)	(166,726)	(897,689)
Unencumbered fund balances - beginning	101,591	101,591	207,421	105,830	1,105,110
Unencumbered fund balances - ending	<u>\$ 60,943</u>	<u>\$ 60,943</u>	<u>\$ 47</u>	<u>\$ (60,896)</u>	<u>\$ 207,421</u>

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND - 21ST STREET & GROVE TIF DISTRICT SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 165,811	\$ 165,811	\$ 208,056	\$ 42,245	\$ 133,346
Total revenues	165,811	165,811	208,056	42,245	133,346
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(165,000)	(165,000)	(165,000)	-	(188,799)
Total other financing sources (uses)	(165,000)	(165,000)	(165,000)	-	(188,799)
Net change in fund balances	811	811	43,056	42,245	(55,453)
Unencumbered fund balances - beginning	1,264	1,264	-	(1,264)	55,453
Unencumbered fund balances - ending	\$ 2,075	\$ 2,075	\$ 43,056	\$ 40,981	\$ -



**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND - OLD TOWN CINEMA TIF DISTRICT SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 339,038	\$ 339,038	\$ 182,782	\$ (156,256)	\$ 403,013
Rental/lease income	65,000	65,000	100,409	35,409	49,060
Interest earnings	1,000	1,000	-	(1,000)	-
Total revenues	405,038	405,038	283,191	(121,847)	452,073
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(405,000)	(405,000)	(348,868)	56,132	(440,000)
Total other financing sources (uses)	(405,000)	(405,000)	(348,868)	56,132	(440,000)
Net change in fund balances	38	38	(65,677)	(65,715)	12,073
Unencumbered fund balances - beginning	18,642	18,642	65,677	47,035	53,604
Unencumbered fund balances - ending	<u>\$ 18,680</u>	<u>\$ 18,680</u>	<u>\$ -</u>	<u>\$ (18,680)</u>	<u>\$ 65,677</u>

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND - NE REDEVELOPMENT TIF DISTRICT SUBFUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Taxes and levies	\$ 36,468	\$ 36,468	\$ 31,615	\$ (4,853)	\$ 31,549
Total revenues	36,468	36,468	31,615	(4,853)	31,549
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(36,000)	(36,000)	(31,615)	4,385	(31,549)
Total other financing sources (uses)	(36,000)	(36,000)	(31,615)	4,385	(31,549)
Net change in fund balances	468	468	-	(468)	-
Unencumbered fund balances - beginning	468	468	-	(468)	-
Unencumbered fund balances - ending	<u>\$ 936</u>	<u>\$ 936</u>	<u>\$ -</u>	<u>\$ (936)</u>	<u>\$ -</u>

**CITY OF WICHITA, KANSAS**

**CEMETERY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Licenses	\$ 1,200	\$ 1,200	\$ 3,640	\$ 2,440	\$ 4,880
Interest earnings	19,000	19,000	21,210	2,210	19,055
Other revenue	-	-	248	248	25
Total revenues	20,200	20,200	25,098	4,898	23,960
<b>EXPENDITURES</b>					
General Government:					
Personnel services	3,500	3,500	-	3,500	-
Contractual services	78,050	78,050	48,699	29,351	51,214
Materials and supplies	3,500	3,500	8	3,492	-
Total expenditures	85,050	85,050	48,707	36,343	51,214
Excess (deficiency) of revenues over (under) expenditures	(64,850)	(64,850)	(23,609)	41,241	(27,254)
Net change in fund balances	(64,850)	(64,850)	(23,609)	41,241	(27,254)
Unencumbered fund balances - beginning	774,911	774,911	813,507	38,596	840,761
Unencumbered fund balances - ending	\$ 710,061	\$ 710,061	\$ 789,898	\$ 79,837	\$ 813,507

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## ***ENTERPRISE FUNDS***

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor enterprise funds are reported:

The **Golf Course System Fund** provides the public with five golf facilities on a self-sustaining basis.

The **Transit Fund** provides economical bus service through regular route and para-transit services.

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

December 31, 2012

	Golf Course System	Transit	Total
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 1,044,514	\$ -	\$ 1,044,514
Receivables, net	663	16,572	17,235
Due from other agencies	-	745,209	745,209
Inventories	-	309,215	309,215
Total current assets	<u>1,045,177</u>	<u>1,070,996</u>	<u>2,116,173</u>
Noncurrent assets:			
Capital assets:			
Land	727,968	1,880,750	2,608,718
Buildings	2,820,781	12,488,565	15,309,346
Improvements other than buildings	14,316,362	671,273	14,987,635
Machinery, equipment and other assets	1,658,081	19,972,812	21,630,893
Construction in progress	-	1,803,782	1,803,782
Less accumulated depreciation	<u>(12,700,586)</u>	<u>(19,419,415)</u>	<u>(32,120,001)</u>
Total capital assets (net of accumulated depreciation)	<u>6,822,606</u>	<u>17,397,767</u>	<u>24,220,373</u>
Total noncurrent assets	<u>6,822,606</u>	<u>17,397,767</u>	<u>24,220,373</u>
Total assets	<u>\$ 7,867,783</u>	<u>\$ 18,468,763</u>	<u>\$ 26,336,546</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 135,672	\$ 968,878	\$ 1,104,550
Accrued interest payable	8,336	-	8,336
Deposits	2,374	-	2,374
Current portion of long-term obligations:			
General obligation bonds payable	620,000	-	620,000
Compensated absences	<u>125,665</u>	<u>176,338</u>	<u>302,003</u>
Total current liabilities	<u>892,047</u>	<u>1,145,216</u>	<u>2,037,263</u>
Noncurrent liabilities:			
Due to other funds	4,614,240	1,179,500	5,793,740
General obligation bonds payable	1,355,000	-	1,355,000
Compensated absences	<u>334</u>	<u>-</u>	<u>334</u>
Total noncurrent liabilities	<u>5,969,574</u>	<u>1,179,500</u>	<u>7,149,074</u>
Total liabilities	<u>6,861,621</u>	<u>2,324,716</u>	<u>9,186,337</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,847,607	17,397,767	22,245,374
Restricted for capital projects	-	30,743	30,743
Unrestricted	<u>(3,841,445)</u>	<u>(1,284,463)</u>	<u>(5,125,908)</u>
Total net position	<u>1,006,162</u>	<u>16,144,047</u>	<u>17,150,209</u>
Total net position and liabilities	<u>\$ 7,867,783</u>	<u>\$ 18,468,763</u>	<u>\$ 26,336,546</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the year ended December 31, 2012

	Golf Course System	Transit	Total
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 602,837	\$ 2,071,525	\$ 2,674,362
Fees	3,170,407	-	3,170,407
Rentals	952,969	74,146	1,027,115
Other	2,989	73,315	76,304
Total operating revenues	<u>4,729,202</u>	<u>2,218,986</u>	<u>6,948,188</u>
<b>OPERATING EXPENSES</b>			
Personnel services	2,296,479	6,962,644	9,259,123
Contractual services	705,000	3,809,282	4,514,282
Materials and supplies	642,673	2,402,689	3,045,362
Administrative charges	174,502	433,545	608,047
Depreciation	662,652	1,455,064	2,117,716
Total operating expenses	<u>4,481,306</u>	<u>15,063,224</u>	<u>19,544,530</u>
Operating income (loss)	<u>247,896</u>	<u>(12,844,238)</u>	<u>(12,596,342)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Operating grants	-	6,689,129	6,689,129
Other expenses	-	(58,974)	(58,974)
Interest expense	(127,709)	-	(127,709)
Loss from sale of assets	-	(35,890)	(35,890)
Total nonoperating revenues (expenses)	<u>(127,709)</u>	<u>6,594,265</u>	<u>6,466,556</u>
Income (loss) before contributions and transfers	120,187	(6,249,973)	(6,129,786)
Capital contributions and operating transfers:			
Capital contributions - cash	-	108,552	108,552
Transfers from other funds	-	4,467,580	4,467,580
Transfers to other funds	<u>(67,934)</u>	<u>(42,245)</u>	<u>(110,179)</u>
Change in net position	52,253	(1,716,086)	(1,663,833)
Net position - beginning	<u>953,909</u>	<u>17,860,133</u>	<u>18,814,042</u>
Total net position - ending	<u><u>\$ 1,006,162</u></u>	<u><u>\$ 16,144,047</u></u>	<u><u>\$ 17,150,209</u></u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the year ended December 31, 2012

	Golf Course System	Transit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,725,168	\$ 2,256,870	\$ 6,982,038
Cash payments to suppliers for goods and services	(1,527,097)	(7,447,417)	(8,974,514)
Cash payments to employees for services	(2,290,563)	(6,971,543)	(9,262,106)
Other operating revenues	2,989	73,315	76,304
Net cash provided (used) by operating activities	<u>910,497</u>	<u>(12,088,775)</u>	<u>(11,178,278)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grant received	-	6,930,379	6,930,379
Interfund loan	-	110,000	110,000
Transfers from other funds	-	4,467,580	4,467,580
Transfers to other funds	(67,934)	(42,245)	(110,179)
Net cash provided (used) by noncapital financing activities	<u>(67,934)</u>	<u>11,465,714</u>	<u>11,397,780</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to property, plant and equipment	-	514,509	514,509
Debt service - principal	(241,824)	-	(241,824)
Debt service - interest	(130,228)	-	(130,228)
Capital contributions	-	108,552	108,552
Net cash provided (used) by capital and related financing activities	<u>(372,052)</u>	<u>623,061</u>	<u>251,009</u>
Net increase in cash and temporary investments	470,511	-	470,511
Cash and temporary investments - January 1	<u>574,003</u>	<u>-</u>	<u>574,003</u>
Cash and temporary investments - December 31	<u>\$ 1,044,514</u>	<u>\$ -</u>	<u>\$ 1,044,514</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	<u>\$ 247,896</u>	<u>\$ (12,844,238)</u>	<u>\$ (12,596,342)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	662,652	1,455,064	2,117,716
Changes in assets and liabilities:			
Increase in accounts receivable	-	149,523	149,523
Decrease in accounts payable/accrued expenses	(4,922)	(840,225)	(845,147)
Decrease in deposits	(1,044)	-	(1,044)
Increase (decrease) in compensated absences	5,915	(8,899)	(2,984)
Total adjustments	<u>662,601</u>	<u>755,463</u>	<u>1,418,064</u>
Net cash provided (used) by operating activities	<u>\$ 910,497</u>	<u>\$ (12,088,775)</u>	<u>\$ (11,178,278)</u>
<b><u>Noncash, investing, capital and financing activities:</u></b>			
Contribution of capital asset	\$ -	\$ -	\$ -



**CITY OF WICHITA, KANSAS**

**WATER UTILITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 72,310,501	\$ 73,172,760	\$ 81,987,283	\$ 8,814,523	\$ 81,457,410
Rental/lease income	24,840	28,560	26,636	(1,924)	31,695
Interest earnings	-	-	34,671	34,671	-
Other revenue	1,000	1,000	276,500	275,500	(20,252)
Total revenues	<u>72,336,341</u>	<u>73,202,320</u>	<u>82,325,090</u>	<u>9,122,770</u>	<u>81,468,853</u>
<b>EXPENDITURES</b>					
Personnel services	8,614,142	8,734,188	9,190,191	(456,003)	8,773,550
Contractual services	10,795,548	12,949,776	12,745,610	204,166	10,647,601
Materials and supplies	4,553,823	5,083,642	4,604,071	479,571	4,377,010
Capital outlay	4,450,144	4,185,611	1,239,140	2,946,471	781,922
Other operating expenses	1,326,875	554,363	554,363	-	1,000,520
Interest - deferred refunding revenue bonds	167,605	167,605	156,378	11,227	171,195
City administrative charges	1,058,870	1,095,996	1,095,996	-	1,062,181
Debt service	28,313,606	27,658,352	25,527,264	2,131,088	25,456,737
Other non-operating expenses	6,750	6,750	45,050	(38,300)	31,610
Cost of materials used	2,050,000	2,050,000	310,323	1,739,677	(95,935)
Bond amortization expense	(304,837)	(304,837)	(554,847)	250,010	(365,498)
Contingency	1,000,000	256,645	-	256,645	-
Franchise taxes	3,438,663	3,977,359	3,977,359	-	3,299,061
Total expenditures	<u>65,471,189</u>	<u>66,415,450</u>	<u>58,890,898</u>	<u>7,524,552</u>	<u>55,139,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,865,152</u>	<u>6,786,870</u>	<u>23,434,192</u>	<u>16,647,322</u>	<u>26,328,899</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(2,316,457)	(2,316,457)	(2,322,457)	(6,000)	(2,378,720)
Total other financing sources (uses)	<u>(2,316,457)</u>	<u>(2,316,457)</u>	<u>(2,322,457)</u>	<u>(6,000)</u>	<u>(2,378,720)</u>
Net change in unencumbered cash balances	4,548,695	4,470,413	21,111,735	16,641,322	23,950,179
Unencumbered cash - beginning	78,667,964	73,416,021	73,416,021	-	71,756,772
Net change in assets and liabilities	-	-	(3,626,852)	(3,626,852)	(22,290,930)
Unencumbered cash - ending	<u>\$ 83,216,659</u>	<u>\$ 77,886,434</u>	<u>\$ 90,900,904</u>	<u>\$ 13,014,470</u>	<u>\$ 73,416,021</u>

**CITY OF WICHITA, KANSAS**

**SEWER UTILITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 46,989,361	\$ 46,989,361	\$ 47,072,065	\$ 82,704	\$ 44,455,161
Rental/lease income	-	-	6,769	6,769	-
Interest earnings	-	-	-	-	5,175
Other revenue	10,100	10,100	17,609	7,509	7,150
Total revenues	46,999,461	46,999,461	47,096,443	96,982	44,467,486
<b>EXPENDITURES</b>					
Personnel services	9,407,131	9,407,131	9,028,684	378,447	9,240,876
Contractual services	7,145,124	7,145,124	7,149,195	(4,071)	6,567,688
Materials and supplies	3,999,254	3,999,254	3,530,557	468,697	2,758,049
Capital outlay	1,818,900	1,818,900	890,616	928,284	1,093,501
Other operating expenses	1,261,407	1,261,407	468,170	793,237	944,584
Interest - deferred refunding revenue bonds	108,825	108,825	95,090	13,735	104,724
City administrative charges	325,340	325,340	290,213	35,127	317,290
Debt service	21,037,569	21,037,569	18,881,005	2,156,564	18,590,155
Other non-operating expenses	1,500	1,500	245,160	(243,660)	3,541
Bond amortization expense	(246,047)	(246,047)	(510,090)	264,043	(276,738)
Contingency	250,000	250,000	-	250,000	-
Franchise taxes	2,160,793	2,160,793	2,204,451	(43,658)	1,853,992
Total expenditures	47,269,796	47,269,796	42,273,051	4,996,745	41,197,662
Excess (deficiency) of revenues over (under) expenditures	(270,335)	(270,335)	4,823,392	(4,899,763)	3,269,823
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,784,653)	(1,784,653)	(1,786,153)	(1,500)	(1,811,130)
Total other financing sources (uses)	(1,784,653)	(1,784,653)	(1,786,153)	(1,500)	(1,811,130)
Net change in unencumbered cash balances	(2,054,988)	(2,054,988)	3,037,239	(4,901,263)	1,458,693
Unencumbered cash - beginning	30,801,629	30,801,629	15,032,742	-	33,141,282
Net change in assets and liabilities	-	-	8,129,983	8,129,983	(19,567,233)
Unencumbered cash - ending	\$ 28,746,641	\$ 28,746,641	\$ 26,199,964	\$ (2,546,677)	\$ 15,032,742

**CITY OF WICHITA, KANSAS**

**STORMWATER UTILITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 8,555,943	\$ 8,555,943	\$ 9,050,055	\$ 494,112	\$ 9,281,544
Interest earnings	1,500	1,500	-	(1,500)	-
Other revenue	-	-	113,059	113,059	9,430
Total revenues	8,557,443	8,557,443	9,163,114	605,671	9,290,974
<b>EXPENDITURES</b>					
Personnel services	2,338,937	2,338,937	2,113,433	225,504	2,314,075
Contractual services	1,818,363	1,818,363	2,702,161	(883,798)	1,606,642
Materials and supplies	374,175	374,175	401,868	(27,693)	349,829
Capital outlay	180,000	180,000	209,194	(29,194)	552,909
Other operating expenses	12,083	12,083	10,188	1,895	11,731
City administrative charges	133,870	133,870	136,136	(2,266)	131,040
Debt service	2,410,283	2,410,283	3,491,040	(1,080,757)	2,949,126
Other non-operating expenses	-	-	29,341	(29,341)	19,563
Bond amortization expense	-	-	(64,152)	64,152	(20,319)
Contingency	9,100,000	9,100,000	-	9,100,000	-
Total expenditures	16,367,711	16,367,711	9,029,209	7,338,502	7,914,596
Excess (deficiency) of revenues over (under) expenditures	(7,810,268)	(7,810,268)	133,905	7,944,173	1,376,378
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(630,421)	(630,421)	(630,421)	-	(577,090)
Total other financing sources (uses)	(630,421)	(630,421)	(630,421)	-	(577,090)
Net change in unencumbered cash balances	(8,440,689)	(8,440,689)	(496,516)	7,944,173	799,288
Unencumbered cash - beginning	9,159,157	9,159,157	9,172,397	13,240	8,371,426
Net change in assets and liabilities	-	-	960,637	960,637	1,684
Unencumbered cash - ending	\$ 718,468	\$ 718,468	\$ 9,636,518	\$ 8,918,050	\$ 9,172,398

## ***INTERNAL SERVICE FUNDS***

Internal service funds are used to account for the financing and administration of general services rendered to the various departments of the City.

**Information Technology Fund** is responsible for coordination of the City's computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

The **Fleet Fund** purchases, repairs and maintains vehicles and equipment used by City departments.

The **Self-Insurance Fund** accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

December 31, 2012

	Information Technology	Fleet	Self Insurance	Total
<b>ASSETS</b>				
Current assets:				
Cash and temporary investments	\$ 1,304,941	\$ 3,735,859	\$ 39,580,749	\$ 44,621,549
Receivables, net	105	170,281	301,262	471,648
Inventories	-	762,542	-	762,542
Prepaid items	-	-	28,278	28,278
Total current assets	<u>1,305,046</u>	<u>4,668,682</u>	<u>39,910,289</u>	<u>45,884,017</u>
Noncurrent assets:				
Capital assets:				
Buildings	53,365	29,955	-	83,320
Improvements	74,907	-	-	74,907
Machinery, equipment and other assets	15,352,007	26,143,022	269,600	41,764,629
Less accumulated depreciation	<u>(13,734,093)</u>	<u>(20,570,219)</u>	<u>(269,600)</u>	<u>(34,573,912)</u>
Total capital assets (net of accumulated depreciation)	1,746,186	5,602,758	-	7,348,944
Due from other funds	-	-	394,500	394,500
Total noncurrent assets	<u>1,746,186</u>	<u>5,602,758</u>	<u>394,500</u>	<u>7,743,444</u>
Total assets	<u><u>\$ 3,051,232</u></u>	<u><u>\$ 10,271,440</u></u>	<u><u>\$ 40,304,789</u></u>	<u><u>\$ 53,627,461</u></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 141,391	\$ 249,960	\$ 1,330,986	\$ 1,722,337
Current portion of long-term obligations:				
Claims payable	-	-	7,968,964	7,968,964
Capital leases payable	153,151	-	-	153,151
Compensated absences	<u>179,344</u>	<u>167,769</u>	<u>23,755</u>	<u>370,868</u>
Total current liabilities	<u>473,886</u>	<u>417,729</u>	<u>9,323,705</u>	<u>10,215,320</u>
Noncurrent liabilities:				
Claims payable	-	-	11,325,390	11,325,390
Compensated absences	<u>4,571</u>	<u>810</u>	<u>606</u>	<u>5,987</u>
Total noncurrent liabilities	<u>4,571</u>	<u>810</u>	<u>11,325,996</u>	<u>11,331,377</u>
Total liabilities	<u>478,457</u>	<u>418,539</u>	<u>20,649,701</u>	<u>21,546,697</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,593,035	5,602,758	-	7,195,793
Unrestricted	<u>979,740</u>	<u>4,250,143</u>	<u>19,655,088</u>	<u>24,884,971</u>
Total net position	<u>2,572,775</u>	<u>9,852,901</u>	<u>19,655,088</u>	<u>32,080,764</u>
Total net position and liabilities	<u><u>\$ 3,051,232</u></u>	<u><u>\$ 10,271,440</u></u>	<u><u>\$ 40,304,789</u></u>	<u><u>\$ 53,627,461</u></u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

### INTERNAL SERVICE FUNDS

For the year ended December 31, 2012

	Information Technology	Fleet	Self Insurance	Total
<b>OPERATING REVENUES</b>				
Charges for services and sales	\$ 9,563,199	\$ 6,710,967	\$ -	\$ 16,274,166
Rentals	-	8,508,164	-	8,508,164
Employer contributions	-	-	33,002,750	33,002,750
Employee contributions	-	-	9,002,027	9,002,027
Other	782,707	99,149	974,531	1,856,387
Total operating revenues	<u>10,345,906</u>	<u>15,318,280</u>	<u>42,979,308</u>	<u>68,643,494</u>
<b>OPERATING EXPENSES</b>				
Personnel services	3,805,022	2,950,547	500,598	7,256,167
Contractual services	3,127,668	924,422	2,515,227	6,567,317
Materials and supplies	184,880	8,140,435	31,759	8,357,074
Cost of materials used	-	237,509	-	237,509
Administrative charges	375,723	281,196	34,037	690,956
Depreciation	852,393	3,261,653	17,973	4,132,019
Employee benefits	-	-	33,056,106	33,056,106
Insurance claims	-	-	4,736,054	4,736,054
Total operating expenses	<u>8,345,686</u>	<u>15,795,762</u>	<u>40,891,754</u>	<u>65,033,202</u>
Operating income (loss)	<u>2,000,220</u>	<u>(477,482)</u>	<u>2,087,554</u>	<u>3,610,292</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other revenues (expenses)	(6,930)	-	-	(6,930)
Interest expense	(18,718)	-	-	(18,718)
Gain (loss) on sale of assets	35,025	(2,848)	-	32,177
Actuarial loss reserve adjustment	-	-	(3,923,448)	(3,923,448)
Total nonoperating revenues (expenses)	<u>9,377</u>	<u>(2,848)</u>	<u>(3,923,448)</u>	<u>(3,916,919)</u>
Income (loss) before contributions and transfers	2,009,597	(480,330)	(1,835,894)	(306,627)
Capital Contributions - non cash	205,570	88,751	-	294,321
Transfers from other funds	-	-	250,000	250,000
Transfers to other funds	<u>(1,545,848)</u>	<u>-</u>	<u>(725,000)</u>	<u>(2,270,848)</u>
Change in net position	669,319	(391,579)	(2,310,894)	(2,033,154)
Total net position - beginning	<u>1,903,456</u>	<u>10,244,480</u>	<u>21,965,982</u>	<u>34,113,918</u>
Total net position - ending	<u>\$ 2,572,775</u>	<u>\$ 9,852,901</u>	<u>\$ 19,655,088</u>	<u>\$ 32,080,764</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2012

	Information Technology	Fleet	Self Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 9,564,013	\$ 15,053,411	\$ 41,742,202	\$ 66,359,626
Cash payments to suppliers for goods and services	(3,647,148)	(9,712,147)	(39,698,091)	(53,057,386)
Cash payments to employees for services	(3,806,349)	(2,971,980)	(499,851)	(7,278,180)
Other operating revenues	782,707	99,149	974,531	1,856,387
Net cash provided by operating activities	2,893,223	2,468,433	2,518,791	7,880,447
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	250,000	250,000
Transfers to other funds	(1,545,848)	-	(725,000)	(2,270,848)
Net cash used in noncapital financing activities	(1,545,848)	-	(475,000)	(2,020,848)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Deductions to property, plant and equipment	(22,524)	(1,073,896)	-	(1,096,420)
Debt service - principal	(356,429)	-	-	(356,429)
Debt service - interest	(18,718)	-	-	(18,718)
Proceeds from sale of assets	-	127,716	-	127,716
Net cash (provided by) used in capital and related financing activities	(397,671)	(946,180)	-	(1,343,851)
Net increase in cash and temporary investments	949,704	1,522,253	2,043,791	4,515,748
Cash and temporary investments - January 1	355,237	\$ 2,213,606	\$ 37,536,958	40,105,801
Cash and temporary investments - December 31	\$ 1,304,941	\$ 3,735,859	\$ 39,580,749	\$ 44,621,549
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,000,220	\$ (477,482)	\$ 2,087,554	\$ 3,610,292
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation	852,393	3,261,653	17,973	4,132,019
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	814	(165,720)	(262,576)	(427,482)
Increase in inventory	-	(19,319)	-	(19,319)
Increase in prepaid items	-	-	(12,278)	(12,278)
Increase (decrease) in accounts payable and accrued expenses	41,123	(109,266)	687,370	619,227
Increase (decrease) in compensated absences	(1,327)	(21,433)	747	(22,013)
Total adjustments	893,003	2,945,915	431,236	4,270,154
Net cash provided by operating activities	\$ 2,893,223	\$ 2,468,433	\$ 2,518,790	\$ 7,880,447

### Supplemental Schedule of Non-Cash Investing and Financing Activities

Contribution of capital assets, increase	\$ 205,570	\$ 88,751	\$ -	\$ 294,321
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# CITY OF WICHITA, KANSAS

## COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION SELF INSURANCE FUNDS

For the year ended December 31, 2012

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Total
<b>OPERATING REVENUES</b>					
Employer contributions	\$ 200,820	\$ 26,591,609	\$ 3,813,742	\$ 2,396,579	\$ 33,002,750
Employee contributions	455,027	8,547,000	-	-	9,002,027
Other	-	470,612	82,828	421,091	974,531
Total operating revenues	<u>655,847</u>	<u>35,609,221</u>	<u>3,896,570</u>	<u>2,817,670</u>	<u>42,979,308</u>
<b>OPERATING EXPENSES</b>					
Personnel services	-	158,754	66,901	274,943	500,598
Contractual services	-	1,582,393	853,376	79,458	2,515,227
Materials and supplies	-	-	222	31,537	31,759
Administrative charges	1,327	-	21,235	11,475	34,037
Depreciation	-	-	-	17,973	17,973
Employee benefits	659,630	32,396,476	-	-	33,056,106
Insurance claims	-	-	3,110,121	1,625,933	4,736,054
Total operating expenses	<u>660,957</u>	<u>34,137,623</u>	<u>4,051,855</u>	<u>2,041,319</u>	<u>40,891,754</u>
Operating income (loss)	<u>(5,110)</u>	<u>1,471,598</u>	<u>(155,285)</u>	<u>776,351</u>	<u>2,087,554</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>					
Actuarial loss reserve adjustment	-	(210,669)	(1,524,721)	(2,188,058)	(3,923,448)
Total nonoperating expenses	<u>-</u>	<u>(210,669)</u>	<u>(1,524,721)</u>	<u>(2,188,058)</u>	<u>(3,923,448)</u>
Net loss before operating transfers	(5,110)	1,260,929	(1,680,006)	(1,411,707)	(1,835,894)
Operating transfers:					
Transfers from other funds	-	-	-	250,000	250,000
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(725,000)</u>	<u>(725,000)</u>
Increase (decrease) in net position	(5,110)	1,260,929	(1,680,006)	(1,886,707)	(2,310,894)
Total net position - beginning	<u>703,586</u>	<u>8,166,887</u>	<u>4,788,685</u>	<u>8,306,824</u>	<u>21,965,982</u>
Total net position - ending	<u>\$ 698,476</u>	<u>\$ 9,427,816</u>	<u>\$ 3,108,679</u>	<u>\$ 6,420,117</u>	<u>\$ 19,655,088</u>



**CITY OF WICHITA, KANSAS**  
**INFORMATION TECHNOLOGY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 9,590,651	\$ 9,590,651	\$ 9,563,199	\$ (27,452)	\$ 8,413,818
Other revenue	783,252	783,252	782,707	(545)	703,596
Total revenues	10,373,903	10,373,903	10,345,906	(27,997)	9,117,414
<b>EXPENDITURES</b>					
Personnel services	3,924,781	3,924,781	3,805,022	119,759	3,823,840
Contractual services	4,436,193	4,436,193	3,129,833	1,306,360	3,217,497
Materials and supplies	223,350	223,350	205,880	17,470	110,030
Capital outlay	55,000	55,000	22,525	32,475	-
City administrative charges	364,510	364,510	375,723	(11,213)	330,350
Debt service	76,750	76,750	375,147	(298,397)	378,509
Other operating expense	-	-	6,930	(6,930)	6,639
Cost of materials used	40,000	40,000	-	40,000	-
Total expenditures	9,120,584	9,120,584	7,921,060	1,199,524	7,866,865
Excess (deficiency) of revenues over (under) expenditures	1,253,319	1,253,319	2,424,846	1,171,527	1,250,549
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(1,135,898)	(1,135,898)	(1,545,848)	(409,950)	(1,028,897)
Total other financing sources (uses)	(1,135,898)	(1,135,898)	(1,545,848)	(409,950)	(1,028,897)
Net change in unencumbered cash balances	117,421	117,421	878,998	761,577	221,652
Unencumbered cash - beginning	102,484	102,484	259,586	157,102	14,616
Net change in assets and liabilities	-	-	(515)	(515)	23,318
Unencumbered cash - ending	\$ 219,905	\$ 219,905	\$ 1,138,069	\$ 918,164	\$ 259,586

**CITY OF WICHITA, KANSAS**

**FLEET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 4,710,371	\$ 6,353,613	\$ 6,838,683	\$ 485,070	\$ 6,034,780
Rental/lease income	8,713,983	8,713,983	8,508,164	(205,819)	7,828,238
Other revenue	114,000	114,000	102,084	(11,916)	97,556
Total revenues	13,538,354	15,181,596	15,448,931	267,335	13,960,574
<b>EXPENDITURES</b>					
Personnel services	3,335,531	2,923,245	2,950,547	(27,302)	3,275,296
Contractual services	984,025	1,003,715	944,303	59,412	879,067
Materials and supplies	6,017,931	8,472,026	8,142,435	329,591	7,176,658
Capital outlay	3,000,000	3,000,000	2,583,475	416,525	2,150,091
City administrative charges	174,770	281,196	281,196	-	170,850
Cost of materials used	450,000	450,000	248,186	201,814	(104,028)
Contingency	-	114,147	-	114,147	-
Total expenditures	13,962,257	16,244,329	15,150,142	1,094,187	13,547,934
Excess (deficiency) of revenues over (under) expenditures	(423,903)	(1,062,733)	298,789	1,361,522	412,640
Net change in unencumbered cash balances	(423,903)	(1,062,733)	298,789	1,361,522	412,640
Unencumbered cash - beginning	613,139	1,847,995	1,847,995	-	1,535,556
Net change in assets and liabilities	-	-	(206,473)	(206,473)	(100,201)
Unencumbered cash - ending	\$ 189,236	\$ 785,262	\$ 1,940,311	\$ 1,155,049	\$ 1,847,995

# CITY OF WICHITA, KANSAS

## SELF INSURANCE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2011 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ -	\$ -	\$ 22	\$ 22	\$ 69
Interest earnings	285,000	285,000	-	(285,000)	-
Contributions	-	-	2,102,787	2,102,787	1,691,102
Employer contributions	36,916,339	36,916,339	31,059,849	(5,856,490)	30,281,085
Employee contributions	9,604,571	9,604,571	8,842,301	(762,270)	8,368,635
Other revenue	2,860,623	2,860,623	976,467	(1,884,156)	1,271,425
Total revenues	49,666,533	49,666,533	42,981,426	(6,685,107)	41,612,316
<b>EXPENDITURES</b>					
Personnel services	1,664,102	1,664,102	1,594,594	69,508	1,409,456
Contractual services	45,849,383	45,849,383	38,599,220	7,250,163	36,666,035
Materials and supplies	114,300	114,300	31,759	82,541	25,194
Capital outlay	10,000	10,000	-	10,000	-
Other operating expenses	227,027	227,027	203,302	23,725	192,821
City administrative charges	23,370	23,370	34,037	(10,667)	56,520
Other non-operating expenses	708,160	708,160	485,686	222,474	1,201,042
Contingency	3,500,000	3,500,000	-	3,500,000	116,682
Total expenditures	52,096,342	52,096,342	40,948,598	11,147,744	39,667,750
Excess (deficiency) of revenues over (under) expenditures	(2,429,809)	(2,429,809)	2,032,828	4,462,637	1,944,566
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	250,000	250,000	250,000	-	250,000
Transfers to other funds	(1,500,000)	(1,500,000)	(725,000)	775,000	(2,050,000)
Total other financing sources (uses)	(1,250,000)	(1,250,000)	(475,000)	775,000	(1,800,000)
Net change in unencumbered cash balances	(3,679,809)	(3,679,809)	1,557,828	5,237,637	144,566
Unencumbered cash - beginning	18,829,382	18,829,382	24,365,539	5,536,157	24,293,883
Net change in assets and liabilities	-	-	(274,105)	(274,105)	(72,910)
Unencumbered cash - ending	\$ 15,149,573	\$ 15,149,573	\$ 25,649,262	\$ 10,499,689	\$ 24,365,539

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## ***FIDUCIARY FUNDS***

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and therefore, are not used to support the government's own programs.

**Pension Trust Funds** account for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

- Police and Fire Retirement System
- Employees' Retirement System
- Employees' Retirement Plan 3

**Agency Funds** account for resources received and held by the City as agent, which are to be expended as directed by the party for which the City is acting as agent.

- Payroll Liability
- Special Assessment Advance Payments
- Neighborhood Revitalization
- CID-Community Improvement Districts
- IRB, PILOT (Payment-in-lieu of taxes)
- Special Assessment Letters of Credit

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF NET POSITION PENSION TRUST FUNDS December 31, 2012

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total
<b>ASSETS</b>				
Cash and temporary investments	\$ 462,154	\$ 197,567	\$ 28,464	\$ 688,185
Receivables:				
Investment sales pending	9,953,278	9,339,039	341,569	19,633,886
Interest and dividends	1,660,330	1,558,437	55,366	3,274,133
Other	121,415	123,319	26,152	270,886
Total receivables	11,735,023	11,020,795	423,087	23,178,905
Investments, at fair value:				
Government short term investment fund	19,043,705	17,868,361	653,526	37,565,592
Government securities: long-term	18,480,647	17,339,645	679,401	36,499,693
Corporate debt instruments: long-term	46,221,262	43,367,545	1,699,224	91,288,031
Mortgage and asset-backed securities	40,285,325	37,798,097	1,481,002	79,564,424
Corporate stocks: domestic common	174,609,772	163,829,305	6,419,147	344,858,224
Corporate stocks: international common	83,374,531	78,226,958	3,065,083	164,666,572
Real estate	17,903,095	16,797,752	658,168	35,359,015
Timber	10,618,941	9,963,324	390,382	20,972,647
Value of interest in pooled funds:				
Commodities	12,533,250	11,759,442	460,758	24,753,450
Domestic fixed income	-	-	559,574	559,574
International fixed income	3,695,884	3,467,698	135,871	7,299,453
High yield fixed income	3,404,904	3,194,684	125,173	6,724,761
U.S. TIPS	13,672,383	12,828,246	502,635	27,003,264
Domestic equities	42,993,048	40,338,643	1,580,546	84,912,237
International equities	23,030,573	21,609,167	1,018,299	45,658,039
Securities lending short-term collateral investment pool	31,506,901	29,562,351	1,081,230	62,150,482
Total investments	541,374,221	507,951,218	20,510,019	1,069,835,458
Capital assets:				
Pension software	453,543	453,543	388,751	1,295,837
Less accumulated depreciation	(287,939)	(287,939)	(246,805)	(822,683)
Total capital assets (net of depreciation)	165,604	165,604	141,946	473,154
 Total assets	 553,737,002	 519,335,184	 21,103,516	 1,094,175,702
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	512,358	513,572	29,569	1,055,499
Investment purchases pending	10,225,304	9,594,217	350,904	20,170,425
Securities lending obligations	31,506,901	29,562,351	1,081,230	62,150,482
 Total liabilities	 42,244,563	 39,670,140	 1,461,703	 83,376,406
<b>NET POSITION</b>				
Held in trust for pension benefits	\$ 511,492,439	\$ 479,665,044	\$ 19,641,813	\$ 1,010,799,296

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN NET POSITION PENSION TRUST FUNDS

For the year ended December 31, 2012

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 14,113,014	\$ 6,471,423	\$ 1,189,456	\$ 21,773,893
Employee	4,543,523	2,343,641	1,189,456	8,076,620
Total contributions	<u>18,656,537</u>	<u>8,815,064</u>	<u>2,378,912</u>	<u>29,850,513</u>
Investment income:				
From investment activities				
Net appreciation in fair value of investments	50,616,279	48,438,421	1,971,200	101,025,900
Interest and dividends	12,353,419	11,762,769	430,367	24,546,555
Commission recapture	<u>19,678</u>	<u>18,686</u>	<u>688</u>	<u>39,052</u>
Total investing activity income	62,989,376	60,219,876	2,402,255	125,611,507
Less investment expense	<u>2,585,782</u>	<u>2,459,772</u>	<u>94,713</u>	<u>5,140,267</u>
Net income from investing activities	60,403,594	57,760,104	2,307,542	120,471,240
From securities lending activities				
Securities lending income	<u>211,445</u>	<u>199,629</u>	<u>7,435</u>	<u>418,509</u>
Securities lending activities expenses:				
Borrower rebates	(93,340)	(91,060)	(3,262)	(187,662)
Management fees	<u>88,965</u>	<u>84,847</u>	<u>3,122</u>	<u>176,934</u>
Total securities lending activities expenses	<u>(4,375)</u>	<u>(6,213)</u>	<u>(140)</u>	<u>(10,728)</u>
Net income from securities lending activities	215,820	205,842	7,575	429,237
Total net investment income	<u>60,619,414</u>	<u>57,965,946</u>	<u>2,315,117</u>	<u>120,900,477</u>
Transfers from other funds	<u>-</u>	<u>2,025,607</u>	<u>-</u>	<u>2,025,607</u>
Total additions	<u>79,275,951</u>	<u>68,806,617</u>	<u>4,694,029</u>	<u>152,776,597</u>
<b>DEDUCTIONS</b>				
Pension benefits	27,808,079	32,935,621	-	60,743,700
Pension administration	396,424	396,167	72,742	865,333
Depreciation	62,562	62,562	53,625	178,749
Employee contributions refunded	357,192	341,634	959,751	1,658,577
Transfers to other funds	<u>-</u>	<u>-</u>	<u>2,025,607</u>	<u>2,025,607</u>
Total deductions	<u>28,624,257</u>	<u>33,735,984</u>	<u>3,111,725</u>	<u>65,471,966</u>
Change in net position	50,651,694	35,070,633	1,582,304	87,304,631
Net position - beginning	<u>460,840,745</u>	<u>444,594,411</u>	<u>18,059,509</u>	<u>923,494,665</u>
Net position - ending	<u>\$ 511,492,439</u>	<u>\$ 479,665,044</u>	<u>\$ 19,641,813</u>	<u>\$ 1,010,799,296</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the year ended December 31, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Payroll Liability Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 1,247,551	\$ 123,347,701	\$ 124,595,252	\$ -
Accounts receivable	673,557	874,177	719,463	828,271
Total assets	<u>\$ 1,921,108</u>	<u>\$ 124,221,878</u>	<u>\$ 125,314,715</u>	<u>\$ 828,271</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,921,108	\$ 180,412,887	\$ 181,505,724	\$ 828,271
Total liabilities	<u>\$ 1,921,108</u>	<u>\$ 180,412,887</u>	<u>\$ 181,505,724</u>	<u>\$ 828,271</u>
 <u>Special Assessment Advance Payments Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 4,098,604	\$ 3,166,804	\$ 4,385,957	\$ 2,879,451
Investments	795,046	2,959,951	1,700,666	2,054,331
Total assets	<u>\$ 4,893,650</u>	<u>\$ 6,126,755</u>	<u>\$ 6,086,623</u>	<u>\$ 4,933,782</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 7,721	\$ 742	\$ 6,979
Deposits	4,893,650	1,466,137	1,432,984	4,926,803
Total liabilities	<u>\$ 4,893,650</u>	<u>\$ 1,473,858</u>	<u>\$ 1,433,726</u>	<u>\$ 4,933,782</u>
 <u>Neighborhood Revitalization Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 89,722	\$ 351,586	\$ 323,007	\$ 118,301
Total assets	<u>\$ 89,722</u>	<u>\$ 351,586</u>	<u>\$ 323,007</u>	<u>\$ 118,301</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 138,600	\$ 138,600	\$ -
Deposits	89,722	351,586	323,007	118,301
Total liabilities	<u>\$ 89,722</u>	<u>\$ 490,186</u>	<u>\$ 461,607</u>	<u>\$ 118,301</u>

(Continued)



# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) AGENCY FUNDS

For the year ended December 31, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>CID-Community Improvement Districts</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 12,894	\$ 276,161	\$ 246,876	\$ 42,179
Accounts receivable	12,881	10,000	12,402	10,479
Total assets	<u>\$ 25,775</u>	<u>\$ 286,161</u>	<u>\$ 259,278</u>	<u>\$ 52,658</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 25,775	\$ 973,229	\$ 946,346	\$ 52,658
Total liabilities	<u>\$ 25,775</u>	<u>\$ 973,229</u>	<u>\$ 946,346</u>	<u>\$ 52,658</u>
 <u>IRB, PILOT Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ -	\$ 163,195	\$ 163,195	\$ -
Total assets	<u>\$ -</u>	<u>\$ 163,195</u>	<u>\$ 163,195</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Deposits	\$ -	\$ 326,389	\$ 326,389	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 326,389</u>	<u>\$ 326,389</u>	<u>\$ -</u>
 <u>Special Assesment Letters of Credit</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 178,880	\$ 150,000	\$ 325,285	\$ 3,595
Total assets	<u>\$ 178,880</u>	<u>\$ 150,000</u>	<u>\$ 325,285</u>	<u>\$ 3,595</u>
<b>LIABILITIES</b>				
Deposits	\$ 178,880	\$ 300,000	\$ 475,285	\$ 3,595
Total liabilities	<u>\$ 178,880</u>	<u>\$ 300,000</u>	<u>\$ 475,285</u>	<u>\$ 3,595</u>
 <u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 5,627,651	\$ 127,455,447	\$ 130,039,572	\$ 3,043,526
Investments	795,046	2,959,951	1,700,666	2,054,331
Accounts receivable	686,438	884,177	731,865	838,750
Total assets	<u>\$ 7,109,135</u>	<u>\$ 131,299,575</u>	<u>\$ 132,472,103</u>	<u>\$ 5,936,607</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,946,883	\$ 181,532,437	\$ 182,591,412	\$ 887,908
Deposits	5,162,252	2,444,112	2,557,665	5,048,699
Total liabilities	<u>\$ 7,109,135</u>	<u>\$ 183,976,549</u>	<u>\$ 185,149,077</u>	<u>\$ 5,936,607</u>

## ***COMPONENT UNIT***

The Wichita Public Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances equipment, facilities and improvements for the City of Wichita, other local, state or federal agencies and the Wichita State University Board of Trustees.

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION For the year ended December 31, 2012

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Received on direct financing lease	\$ 2,790,000	\$ 2,695,000
Debt service - principal	(2,695,000)	(2,790,000)
Debt service - interest	(500,285)	(677,553)
Net cash provided by (used in) capital and related financing activities	<u>(405,285)</u>	<u>(405,285)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on lease investment	<u>291,102</u>	<u>381,055</u>
Net cash provided by (used in) investment activities	<u>291,102</u>	<u>291,102</u>
Net increase in cash and temporary investments	(296,496)	(114,182)
Cash and temporary investments - January 1	<u>2,860,675</u>	<u>-</u>
Cash and temporary investments - December 31	<u><u>\$ 2,564,179</u></u>	<u><u>\$ (114,182)</u></u>

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## ***ADDITIONAL INFORMATION***

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and insurance policies in force.

# CITY OF WICHITA, KANSAS

## COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE Year ended December 31, 2012

	Balance December 31, 2011	Issued	Retired	Balance December 31, 2012
General obligation bonds payable from:				
Ad valorem property taxes	\$ 69,517,468	\$ 19,615,000	\$ 11,331,413	\$ 77,801,055
Special assessments	269,630,000	29,140,000	43,815,000	254,955,000
Tax increment financing	20,555,001	8,820,000	5,909,091	23,465,910
Transient guest tax	1,955,603	-	891,264	1,064,339
Airport Authority	17,080,000	-	495,000	16,585,000
Golf Course System	2,565,000	-	590,000	1,975,000
Local sales tax	123,455,000	40,565,000	11,630,000	152,390,000
Stormwater Utility	21,036,427	11,015,000	2,251,037	29,800,390
Revenue bonds payable from:				
Water Utility	250,350,245	7,234,500	14,087,631	243,497,114
Sewer Utility	181,970,383	9,990,500	10,712,229	181,248,654
Airport Special Facilities	62,020,000	-	50,650,000	11,370,000
Wichita Public Building Commission	14,010,000	-	2,790,000	11,220,000
Totals	<u>\$ 1,034,145,127</u>	<u>\$ 126,380,000</u>	<u>\$ 155,152,665</u>	<u>\$ 1,005,372,462</u>

## RECONCILIATION OF BONDS PAYABLE December 31, 2012

General obligation bonds	\$ 558,036,694
Revenue bonds	<u>447,335,768</u>
Total bonds payable	<u>\$ 1,005,372,462</u>
Serial bonds payable exclusive of bond anticipation notes	\$ 509,676,304
Bonds payable from component unit	11,220,000
Bonds payable from proprietary funds	<u>484,476,158</u>
Total bonds payable	<u>\$ 1,005,372,462</u>

# CITY OF WICHITA, KANSAS

## SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES

Based on Bonded Debt as of December 31, 2012

Year	PAYABLE FROM PROPERTY TAXES			PAYABLE FROM TRANSIENT GUEST TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2013	\$ 11,316,414	\$ 2,528,658	\$ 13,845,072	\$ 896,914	\$ 829,966	\$ 1,726,880
2014	9,084,716	2,119,000	11,203,716	167,425	8,371	175,796
2015	8,367,088	1,848,175	10,215,263	-	-	-
2016	8,686,289	1,603,328	10,289,617	-	-	-
2017	8,958,222	1,324,971	10,283,193	-	-	-
2018	9,232,424	1,012,867	10,245,291	-	-	-
2019	9,514,357	698,266	10,212,623	-	-	-
2020	5,877,250	417,652	6,294,902	-	-	-
2021	2,619,863	256,918	2,876,781	-	-	-
2022	2,689,887	169,040	2,858,927	-	-	-
2023	519,009	85,360	604,369	-	-	-
2024	534,032	46,435	580,467	-	-	-
2025	401,504	16,060	417,564	-	-	-
2026	-	-	-	-	-	-
	<u>\$ 77,801,055</u>	<u>\$ 12,126,730</u>	<u>\$ 89,927,785</u>	<u>\$ 1,064,339</u>	<u>\$ 838,337</u>	<u>\$ 1,902,676</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING			PAYABLE FROM LOCAL SALES TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2013	\$ 2,668,334	\$ 883,133	\$ 3,551,467	\$ 12,990,000	\$ 5,427,854	\$ 18,417,854
2014	1,732,576	783,005	2,515,581	16,505,000	5,070,904	21,575,904
2015	2,405,000	705,739	3,110,739	19,610,000	4,476,429	24,086,429
2016	2,465,000	620,389	3,085,389	20,080,000	3,738,447	23,818,447
2017	2,535,000	532,039	3,067,039	20,490,000	3,025,204	23,515,204
2018	2,595,000	434,834	3,029,834	17,215,000	2,287,729	19,502,729
2019	2,280,000	335,634	2,615,634	10,630,000	1,564,138	12,194,138
2020	2,340,000	250,784	2,590,784	8,070,000	1,228,840	9,298,840
2021	2,110,000	165,311	2,275,311	8,425,000	915,490	9,340,490
2022	2,160,000	87,123	2,247,123	8,730,000	586,475	9,316,475
2023	175,000	4,725	179,725	1,945,000	242,588	2,187,588
2024	-	-	-	2,030,000	196,938	2,226,938
2025	-	-	-	2,085,000	147,675	2,232,675
2026	-	-	-	2,150,000	95,288	2,245,288
2027	-	-	-	1,435,000	35,875	1,470,875
	<u>\$ 23,465,910</u>	<u>\$ 4,802,716</u>	<u>\$ 28,268,626</u>	<u>\$ 152,390,000</u>	<u>\$ 29,039,874</u>	<u>\$ 181,429,874</u>

Year	TOTAL PAYABLE FROM TAXES			PAYABLE FROM SPECIAL ASSESSMENTS		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2013	\$ 27,871,662	\$ 9,669,611	\$ 37,541,273	\$ 23,450,000	\$ 9,912,712	\$ 33,362,712
2014	27,489,717	7,981,280	35,470,997	24,065,000	9,200,632	33,265,632
2015	30,382,088	7,030,343	37,412,431	24,510,000	8,325,649	32,835,649
2016	31,231,289	5,962,164	37,193,453	23,460,000	7,360,243	30,820,243
2017	31,983,222	4,882,214	36,865,436	22,970,000	6,456,081	29,426,081
2018	29,042,424	3,735,430	32,777,854	22,820,000	5,503,638	28,323,638
2019	22,424,357	2,598,038	25,022,395	21,435,000	4,574,084	26,009,084
2020	16,287,250	1,897,276	18,184,526	20,600,000	3,661,234	24,261,234
2021	13,154,863	1,337,719	14,492,582	18,655,000	2,835,889	21,490,889
2022	13,579,887	842,638	14,422,525	13,970,000	2,080,171	16,050,171
2023	2,639,009	332,673	2,971,682	9,750,000	1,515,385	11,265,385
2024	2,564,032	243,373	2,807,405	7,290,000	1,131,584	8,421,584
2025	2,486,504	163,735	2,650,239	5,925,000	845,975	6,770,975
2026	2,150,000	95,288	2,245,288	4,430,000	630,664	5,060,664
2027	1,435,000	35,875	1,470,875	4,075,000	454,591	4,529,591
2028	-	-	-	3,090,000	294,831	3,384,831
2029	-	-	-	2,790,000	163,989	2,953,989
2030	-	-	-	1,470,000	45,668	1,515,668
2031	-	-	-	140,000	6,638	146,638
2032	-	-	-	60,000	1,425	61,425
	<u>\$ 254,721,304</u>	<u>\$ 46,807,657</u>	<u>\$ 301,528,961</u>	<u>\$ 254,955,000</u>	<u>\$ 65,001,083</u>	<u>\$ 319,956,083</u>

# CITY OF WICHITA, KANSAS

## SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES PAYABLE FROM PROPRIETARY FUND REVENUES Based on Bonded Debt as of December 31, 2012

PROPRIETARY FUNDS						
Year	Airport Authority		Golf Course System		Stormwater Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 520,000	778,346	\$ 620,000	56,851	\$ 2,935,033	858,560
2014	540,000	759,721	660,000	39,023	2,715,284	775,524
2015	560,000	740,909	695,000	20,601	2,777,912	688,129
2016	585,000	720,746	-	-	2,843,711	590,422
2017	520,000	700,496	-	-	2,196,778	486,917
2018	540,000	680,771	-	-	2,257,576	411,301
2019	565,000	659,315	-	-	2,315,643	332,365
2020	585,000	635,159	-	-	2,172,750	266,491
2021	605,000	608,678	-	-	1,630,137	216,876
2022	545,000	581,765	-	-	1,670,113	185,435
2023	565,000	554,909	-	-	1,715,990	149,958
2024	585,000	526,946	-	-	1,755,967	111,703
2025	610,000	497,646	-	-	1,143,496	74,527
2026	635,000	467,389	-	-	825,000	38,550
2027	660,000	435,959	-	-	845,000	13,575
2028	685,000	402,639	-	-	-	-
2029	715,000	367,469	-	-	-	-
2030	745,000	330,060	-	-	-	-
2031	775,000	290,400	-	-	-	-
2032	275,000	259,065	-	-	-	-
2033	285,000	236,499	-	-	-	-
2034	300,000	212,733	-	-	-	-
2035	310,000	187,755	-	-	-	-
2036	1,110,000	161,898	-	-	-	-
2037	335,000	135,096	-	-	-	-
2038	350,000	107,088	-	-	-	-
2039	360,000	77,920	-	-	-	-
2040	375,000	47,590	-	-	-	-
2041	1,345,000	16,045	-	-	-	-
	<u>\$ 16,585,000</u>	<u>\$ 12,181,012</u>	<u>\$ 1,975,000</u>	<u>\$ 116,475</u>	<u>\$ 29,800,390</u>	<u>\$ 5,200,333</u>

Year	Totals		Debt Service Charges
	Principal	Interest	
2013	\$ 4,075,033	\$ 1,693,757	\$ 5,768,790
2014	3,915,284	1,574,268	5,489,552
2015	4,032,912	1,449,639	5,482,551
2016	3,428,711	1,311,168	4,739,879
2017	2,716,778	1,187,413	3,904,191
2018	2,797,576	1,092,072	3,889,648
2019	2,880,643	991,680	3,872,323
2020	2,757,750	901,650	3,659,400
2021	2,235,137	825,554	3,060,691
2022	2,215,113	767,200	2,982,313
2023	2,280,990	704,867	2,985,857
2024	2,340,967	638,649	2,979,616
2025	1,753,496	572,173	2,325,669
2026	1,460,000	505,939	1,965,939
2027	1,505,000	449,534	1,954,534
2028	685,000	402,639	1,087,639
2029	715,000	367,469	1,082,469
2030	745,000	330,060	1,075,060
2031	775,000	290,400	1,065,400
2032	275,000	259,065	534,065
2033	285,000	236,499	521,499
2034	300,000	212,733	512,733
2035	310,000	187,755	497,755
2036	1,110,000	161,898	1,271,898
2037	335,000	135,096	470,096
2038	350,000	107,088	457,088
2039	360,000	77,920	437,920
2040	375,000	47,590	422,590
2041	1,345,000	16,045	1,361,045
	<u>\$ 48,360,390</u>	<u>\$ 17,497,820</u>	<u>\$ 65,858,210</u>



**CITY OF WICHITA, KANSAS**

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES**

Based on Bonded Debt as of December 31, 2012

**PROPRIETARY FUNDS**

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 13,546,405	\$ 11,201,346	\$ 10,290,294	\$ 8,342,233	\$ 60,000	\$ 485,925
2014	13,165,521	10,682,742	9,323,815	7,967,073	-	483,990
2015	13,783,593	10,137,253	9,774,217	7,585,713	-	483,990
2016	14,475,746	9,540,800	10,291,414	7,170,185	-	483,990
2017	11,819,129	8,902,557	10,683,300	6,726,103	-	483,990
2018	12,376,866	8,356,268	11,246,793	6,223,239	-	483,990
2019	11,383,358	7,770,086	9,552,540	5,681,936	-	483,990
2020	11,677,565	7,242,784	9,621,625	5,229,555	-	483,990
2021	12,152,213	6,697,478	10,031,375	4,774,407	1,300,000	406,261
2022	12,075,049	6,146,869	10,474,951	4,303,010	-	386,490
2023	12,585,896	5,575,263	10,944,104	3,801,938	-	386,490
2024	10,911,181	4,970,968	8,203,819	3,275,806	-	386,490
2025	11,478,356	4,446,698	8,741,644	2,883,751	7,350,000	169,740
2026	10,861,828	3,898,314	8,413,172	2,467,472	-	3,990
2027	10,938,502	3,387,360	7,946,498	2,070,574	-	3,990
2028	11,388,461	2,876,155	8,301,539	1,695,399	-	3,990
2029	9,852,844	2,342,337	5,747,156	1,301,569	-	3,990
2030	10,263,066	1,882,680	5,986,934	1,033,225	-	3,990
2031	7,442,977	1,410,238	3,862,023	755,549	2,660,000	3,990
2032	6,071,043	1,057,767	3,168,957	579,308	-	-
2033	4,103,873	762,374	2,326,127	432,126	-	-
2034	4,234,712	557,181	2,400,288	315,819	-	-
2035	1,381,786	345,446	783,214	195,804	-	-
2036	1,381,786	276,356	783,214	156,644	-	-
2037	1,381,786	207,267	783,214	117,483	-	-
2038	1,381,786	138,178	783,214	78,322	-	-
2039	1,381,786	69,089	783,213	39,161	-	-
	<u>\$ 243,497,114</u>	<u>\$ 120,881,854</u>	<u>\$ 181,248,654</u>	<u>\$ 85,203,404</u>	<u>\$ 11,370,000</u>	<u>\$ 5,633,266</u>

COMPONENT UNIT					
Wichita Public Building Commission			Totals		
Principal	Interest	Principal	Interest	Charges	
\$ 2,890,000	\$ 473,695	\$ 26,786,699	\$ 20,503,199	\$ 47,289,898	
3,010,000	354,263	25,499,336	19,488,068	44,987,404	
1,480,000	220,960	25,037,810	18,427,916	43,465,726	
1,555,000	146,315	26,322,160	17,341,289	43,663,449	
1,630,000	69,196	24,132,429	16,181,846	40,314,275	
100,000	28,420	23,723,659	15,091,917	38,815,576	
100,000	24,420	21,035,898	13,960,431	34,996,329	
105,000	20,020	21,404,190	12,976,349	34,380,539	
110,000	15,400	23,593,588	11,893,546	35,487,134	
115,000	10,560	22,665,000	10,846,929	33,511,929	
125,000	5,500	23,655,000	9,769,191	33,424,191	
-	-	19,115,000	8,633,264	27,748,264	
-	-	27,570,000	7,500,189	35,070,189	
-	-	19,275,000	6,369,776	25,644,776	
-	-	18,885,000	5,461,924	24,346,924	
-	-	19,690,000	4,575,544	24,265,544	
-	-	15,600,000	3,647,895	19,247,895	
-	-	16,250,000	2,919,895	19,169,895	
-	-	13,965,000	2,169,777	16,134,777	
-	-	9,240,000	1,637,075	10,877,075	
-	-	6,430,000	1,194,500	7,624,500	
-	-	6,635,000	873,000	7,508,000	
-	-	2,165,000	541,250	2,706,250	
-	-	2,165,000	433,000	2,598,000	
-	-	2,165,000	324,750	2,489,750	
-	-	2,165,000	216,500	2,381,500	
-	-	2,164,999	108,250	2,273,249	
<u>\$ 11,220,000</u>	<u>\$ 1,368,749</u>	<u>\$ 447,335,768</u>	<u>\$ 213,087,270</u>	<u>\$ 660,423,038</u>	

# CITY OF WICHITA, KANSAS

## SCHEDULE OF INSURANCE IN FORCE

December 31, 2012

Company	Policy Period		Details of Coverage	Terms	Deductible	Value Limits
	From	To				
Travelers	01-12	01-13	Property Insurance - All risk coverage on real and personal property for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.	Per occurrence-Property Total Insured Values = \$726,233,012	\$ 100,000 Property, \$2,000,000 wind and hail	\$ 200,000,000
Travelers	01-12	01-13	Property Insurance - Comprehensive coverage for steam boilers, air conditioners and electric motors. Property coverage for repair or replacement cost basis.	Per occurrence	10,000	75,000,000
Travelers	01-12	01-13	Data processing property protection	Hardware	100,000	10,000,000
Hartford Fire	01-12	01-13	Burglary and/or theft coverage for monies and securities	Per occurrence	10,000	1,000,000
Housing Authority Risk Retention Group	06-12	06-13	WHA general liability	Per occurrence	10,000	5,000,000
Housing Insurance Services Inc.	06-12	06-13	WHA fire insurance on owned units	Per occurrence	5,000	\$69,520,648 combined limit based on \$48,000 per unit
Philadelphia Indemnity Insurance	12-12	12-13	WHA flood insurance on owned units-30 units	Per occurrence	5,000	
Safety National Casualty Corporation	01-12	01-13	Excess workers' compensation	Per occurrence -liability imposed by law	750,000	Statutory
			Employers' liability	Per occurrence	-	1,000,000
Zurich	01-12	01-13	Travel accident insurance	Per person / occurrence	-	100,000
				Aggregate	-	500,000
ACE American Ins. Co.	01-12	01-13	Foreign package-General liability	Per occurrence	-	1,000,000
Old Republic Ins. Co.	01-12	01-13	Helicopter liability cargo coverage	Per occurrence	-	250,000
Old Republic Ins. Co.	01-12	01-13	Helicopter hull coverage-in motion	Per occurrence	24,000	1,000,000
Old Republic Ins. Co.	01-12	01-13	Helicopter hull coverage-not in motion	Per occurrence	500	1,000,000
Ins. Co. of State of PA	01-12	01-13	Special liability	Per occurrence	2,000,000	10,000,000
<b>WICHITA AIRPORT</b>						
National Union Fire Ins.	01-12	01-13	Comprehensive general liability	Per occurrence	1,000	100,000,000
				Aggregate	10,000	
Great American Alliance Insurance Company	01-12	01-13	Underground storage tank liability	Per occurrence	10,000	1,000,000
<b>WICHITA ART MUSEUM</b>						
Ace American Insurance	01-12	01-13	All risk coverage for fine arts collections, on premises, worldwide transit coverage	Per occurrence at	1,000	100,000,000
				Per occurrence not at	1,000	50,000,000
				Per disaster not at insured's premises	1,000	50,000,000
<b>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</b>						
Travelers	01-12	01-13	Property - buildings and earnings State office building and parking facility \$38,772,274 insured value.	Per occurrence as scheduled	5,000	39,313,065
Travelers	01-12	01-13	Comprehensive general liability	Per occurrence	-	2,000,000
Travelers	01-12	01-13	Umbrella	Per occurrence	-	1,000,000
<b>CAREER DEVELOPMENT</b>						
AM Trust NA	04-12	04-13	Employers Liability: Bodily injury by accident	Per occurrence	-	100,000
	04-12	04-13	Bodily injury by disease - Policy Limit		-	500,000
	04-12	04-13	Bodily injury by disease - Each Employee	Per occurrence	-	100,000

## ***STATISTICAL SECTION***

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

**Financial trends** information helps the reader understand how the City's financial performance and well-being have changed over time.

**Revenue capacity** information is intended to help the reader assess the factors affecting the City's ability to generate property and sales tax.

**Debt capacity** schedules present information to help the reader assess the affordability of the City's current outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and economic indicators** are offered to help the reader understand the environment within which the City's financial activities take place and to help make comparisons across time.

**Operating information** about the City is provided to help the reader understand how the City's financial information relates to the services provided and the activities the City performed.

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# CITY OF WICHITA, KANSAS

## NET POSITION BY COMPONENT

For years ended December 31, 2003 through December 31, 2012

(accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Net investment in capital assets	\$ 414,206	\$ 370,193	\$ 376,630	\$ 457,432	\$ 488,829
Restricted for:					
Capital projects	23,340	40,741	34,397	25,275	69,899
Highways and streets	12,558	12,827	11,641	8,898	6,712
Debt service	180,799	266,105	261,354	252,783	228,627
Perpetual care	813	827	839	831	859
Other purposes	12,240	17,452	19,409	18,524	19,673
Unrestricted	15,015	14,643	28,625	(8,843)	(12,955)
Total governmental activities net position	<u>\$ 658,971</u>	<u>\$ 722,788</u>	<u>\$ 732,895</u>	<u>\$ 754,900</u>	<u>\$ 801,644</u>
Business-type activities					
Net investment in capital assets	\$ 575,074	\$ 626,009	\$ 664,564	\$ 684,433	\$ 744,184
Restricted for:					
Capital projects	6,771	7,560	5,233	10,456	15,391
Debt service	2,978	2,840	3,206	3,660	3,523
Revenue bond covenants	65,389	40,613	48,145	55,714	30,186
Unrestricted	25,787	24,887	34,814	32,620	25,868
Total business-type activities net position	<u>\$ 675,999</u>	<u>\$ 701,909</u>	<u>\$ 755,962</u>	<u>\$ 786,883</u>	<u>\$ 819,152</u>
Primary government					
Net investment in capital assets	\$ 989,280	\$ 996,202	\$ 1,041,194	\$ 1,141,865	\$ 1,233,013
Restricted for:					
Capital projects	30,111	48,301	39,630	35,731	85,290
Highways and streets	12,558	12,827	11,641	8,898	6,712
Debt service	183,777	268,945	264,560	256,443	232,150
Revenue bond covenants	65,389	40,613	48,145	55,714	30,186
Perpetual care	813	827	839	831	859
Other purposes	12,240	17,452	19,409	18,524	19,673
Unrestricted	40,802	39,530	63,439	23,777	12,913
Total primary government net position	<u>\$ 1,334,970</u>	<u>\$ 1,424,697</u>	<u>\$ 1,488,857</u>	<u>\$ 1,541,783</u>	<u>\$ 1,620,796</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$ 512,459	\$ 521,613	\$ 554,371	\$ 615,404	\$ 659,114
Restricted for:					
Capital projects	57,352	43,927	40,177	48,939	38,986
Highways and streets	4,126	810	-	-	-
Debt service	234,767	264,080	309,669	296,468	277,226
Perpetual care	902	889	852	814	790
Other purposes	6,470	6,470	8,009	12,468	11,135
Unrestricted	(5,937)	43,898	17,248	5,386	1,918
Total governmental activities net position	<u>\$ 810,139</u>	<u>\$ 881,687</u>	<u>\$ 930,326</u>	<u>\$ 979,479</u>	<u>\$ 989,169</u>
Business-type activities					
Net investment in capital assets	\$ 777,044	\$ 762,395	\$ 792,751	\$ 828,696	\$ 820,105
Restricted for:					
Capital projects	14,688	17,032	18,915	13,682	32,308
Debt service	3,704	-	-	-	-
Revenue bond covenants	23,401	74,822	90,814	95,954	131,943
Unrestricted	23,480	20,001	26,859	42,979	38,391
Total business-type activities net position	<u>\$ 842,317</u>	<u>\$ 874,250</u>	<u>\$ 929,339</u>	<u>\$ 981,311</u>	<u>\$ 1,022,747</u>
Primary government					
Net investment in capital assets	\$ 1,289,503	\$ 1,284,008	\$ 1,347,122	\$ 1,444,100	\$ 1,479,219
Restricted for:					
Capital projects	72,040	60,959	59,092	62,621	71,294
Highways and streets	4,126	810	-	-	-
Debt service	238,471	264,080	309,669	296,468	277,226
Revenue bond covenants	23,401	74,822	90,814	95,954	131,943
Perpetual care	902	889	852	814	790
Other purposes	6,470	6,470	8,009	12,468	11,135
Unrestricted	17,543	63,899	44,107	48,365	40,309
Total primary government net position	<u>\$ 1,652,456</u>	<u>\$ 1,755,937</u>	<u>\$ 1,859,665</u>	<u>\$ 1,960,790</u>	<u>\$ 2,011,916</u>

# CITY OF WICHITA, KANSAS

## CHANGES IN NET POSITION

For years ended December 31, 2003 through December 31, 2012

(accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 30,888	\$ 45,119	\$ 36,835	\$ 47,248	\$ 36,810
Public safety	88,369	94,029	97,962	104,819	114,507
Highways and streets	94,348	96,767	104,570	109,643	94,502
Sanitation	4,908	1,650	2,700	3,680	3,729
Health and welfare	38,790	35,914	33,833	34,561	33,088
Culture and recreation	29,205	32,102	33,814	33,242	34,294
Interest on long-term debt	16,037	19,104	20,901	20,605	20,922
Total governmental activities expenses	<u>302,545</u>	<u>324,685</u>	<u>330,615</u>	<u>353,798</u>	<u>337,852</u>
Business-type activities:					
Water	29,658	32,290	34,417	36,233	38,130
Sewer	26,133	26,984	29,328	31,001	31,983
Airport	24,606	25,355	24,324	25,619	25,789
Stormwater	4,217	4,030	4,078	5,270	5,490
Transit	9,959	10,810	11,923	12,185	12,928
Golf	4,049	4,357	4,589	5,017	4,985
Total business-type activities expenses	<u>98,622</u>	<u>103,826</u>	<u>108,659</u>	<u>115,325</u>	<u>119,305</u>
Total primary government expenses	<u>\$ 401,167</u>	<u>\$ 428,511</u>	<u>\$ 439,274</u>	<u>\$ 469,123</u>	<u>\$ 457,157</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 14,282	\$ 14,085	\$ 15,137	\$ 14,390	\$ 16,258
Public safety	5,207	4,813	5,565	5,949	6,713
Highways and streets	4,602	4,461	4,459	5,077	4,940
Sanitation	425	788	518	978	817
Health and welfare	1,438	1,456	3,179	1,767	2,960
Culture and recreation	5,009	5,311	4,874	4,876	4,546
Operating grants and contributions	50,671	48,862	50,659	50,167	49,594
Capital grants and contributions	78,060	116,377	67,817	86,328	78,098
Total governmental activities program revenues	<u>159,694</u>	<u>196,153</u>	<u>152,208</u>	<u>169,532</u>	<u>163,926</u>
Business-type activities:					
Charges for services					
Water	31,980	33,461	36,036	40,658	37,486
Sewer	25,714	25,881	28,669	28,868	31,875
Airport	15,153	18,280	18,856	20,321	20,635
Stormwater	5,326	5,513	5,868	7,063	8,273
Transit	1,619	1,633	1,754	1,708	1,738
Golf	3,479	3,551	3,574	4,365	3,981
Operating grants and contributions	3,138	3,156	4,075	4,849	5,561
Capital grants and contributions	27,622	31,850	47,139	31,209	33,867
Total business-type activities program revenues	<u>114,031</u>	<u>123,325</u>	<u>145,971</u>	<u>139,041</u>	<u>143,416</u>
Total primary government program revenues	<u>\$ 273,725</u>	<u>\$ 319,478</u>	<u>\$ 298,179</u>	<u>\$ 308,573</u>	<u>\$ 307,342</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (142,851)	\$ (128,532)	\$ (178,407)	\$ (184,266)	\$ (173,926)
Business-type activities	15,409	19,499	37,312	23,716	24,111
Total primary government net expense	<u>\$ (127,442)</u>	<u>\$ (109,033)</u>	<u>\$ (141,095)</u>	<u>\$ (160,550)</u>	<u>\$ (149,815)</u>



	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental activities:					
General government	\$ 41,906	\$ 37,210	\$ 52,488	\$ 55,191	\$ 52,538
Public safety	119,123	119,073	126,329	125,525	129,684
Highways and streets	123,526	74,460	49,482	54,168	62,484
Sanitation	5,441	3,648	4,156	3,643	3,567
Health and welfare	33,324	34,924	36,986	34,848	35,358
Culture and recreation	41,031	37,601	39,559	38,344	36,090
Interest on long-term debt	22,264	20,634	19,877	19,277	13,676
Total governmental activities expenses	<u>386,615</u>	<u>327,550</u>	<u>328,877</u>	<u>330,996</u>	<u>333,397</u>
Business-type activities:					
Water	41,670	44,994	43,408	47,621	48,613
Sewer	34,958	40,991	36,865	37,673	38,577
Airport	27,416	29,672	26,967	26,703	32,651
Stormwater	5,542	7,415	7,504	7,048	8,540
Transit	13,767	13,876	14,485	15,156	15,152
Golf	4,997	4,539	4,705	4,586	4,594
Total business-type activities expenses	<u>128,350</u>	<u>141,487</u>	<u>133,934</u>	<u>138,787</u>	<u>148,127</u>
Total primary government expenses	<u>\$ 514,965</u>	<u>\$ 469,037</u>	<u>\$ 462,811</u>	<u>\$ 469,783</u>	<u>\$ 481,524</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 16,008	\$ 13,166	\$ 18,706	\$ 22,011	\$ 14,210
Public safety	5,730	4,919	6,506	6,774	7,093
Highways and streets	5,784	5,231	4,151	5,199	4,423
Sanitation	744	1,026	1,005	875	1,103
Health and welfare	3,816	5,891	1,905	3,931	4,110
Culture and recreation	4,814	4,773	4,799	4,781	5,494
Operating grants and contributions	50,859	45,514	51,904	50,393	47,413
Capital grants and contributions	87,891	82,537	66,923	60,292	33,870
Total governmental activities program revenues	<u>175,646</u>	<u>163,057</u>	<u>155,899</u>	<u>154,256</u>	<u>117,716</u>
Business-type activities:					
Charges for services					
Water	38,356	51,022	65,003	79,547	80,088
Sewer	33,789	34,490	37,247	44,089	45,979
Airport	21,598	20,713	21,588	21,597	22,112
Stormwater	8,405	8,497	8,515	9,282	9,057
Transit	1,931	1,811	1,828	1,972	2,146
Golf	4,159	4,298	4,111	4,017	4,726
Operating grants and contributions	5,469	5,940	6,305	7,183	6,689
Capital grants and contributions	34,176	40,269	37,797	20,357	15,381
Total business-type activities program revenues	<u>147,883</u>	<u>167,040</u>	<u>182,394</u>	<u>188,044</u>	<u>186,178</u>
Total primary government program revenues	<u>\$ 323,529</u>	<u>\$ 330,097</u>	<u>\$ 338,293</u>	<u>\$ 342,300</u>	<u>\$ 303,894</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (210,969)	\$ (164,493)	\$ (172,978)	\$ (176,740)	\$ (215,681)
Business-type activities	19,533	25,553	48,460	49,257	38,051
Total primary government net expense	<u>\$ (191,436)</u>	<u>\$ (138,940)</u>	<u>\$ (124,518)</u>	<u>\$ (127,483)</u>	<u>\$ (177,630)</u>

(Continued)

# CITY OF WICHITA, KANSAS

## CHANGES IN NET POSITION

For years ended December 31, 2003 through December 31, 2012  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Charges in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 75,287	\$ 82,582	\$ 85,573	\$ 89,682	\$ 94,959
Sales taxes	39,735	44,739	45,181	47,705	49,256
Franchise fees	29,259	29,556	30,702	31,851	32,157
Motor vehicle taxes	11,068	11,780	12,168	12,590	13,060
Transient guest taxes	4,488	4,926	5,064	5,035	5,709
Investment earnings	5,472	5,668	8,296	10,866	11,535
Miscellaneous	11,404	13,311	12,263	7,747	12,329
Special item	-	-	-	-	-
Transfers	(2,302)	(607)	(9,976)	545	1,101
Prior period adjustments	-	394	(758)	251	564
Total governmental activities	<u>174,411</u>	<u>192,349</u>	<u>188,513</u>	<u>206,272</u>	<u>220,670</u>
Business-type activities:					
Investment earnings	6,258	5,615	6,199	7,277	8,466
Miscellaneous	145	189	566	856	793
Special item	-	-	-	-	-
Transfers	2,302	607	9,976	(545)	(1,101)
Prior period adjustments	-	-	-	(383)	-
Total business-type activities	<u>8,705</u>	<u>6,411</u>	<u>16,741</u>	<u>7,205</u>	<u>8,158</u>
Total primary government	<u>\$ 183,116</u>	<u>\$ 198,760</u>	<u>\$ 205,254</u>	<u>\$ 213,477</u>	<u>\$ 228,828</u>
<b>Change in Net Position</b>					
Governmental activities	31,560	63,817	10,106	22,005	46,744
Business-type activities	24,114	25,910	54,053	30,921	32,269
Total primary government	<u>\$ 55,674</u>	<u>\$ 89,727</u>	<u>\$ 64,159</u>	<u>\$ 52,926</u>	<u>\$ 79,013</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Revenues and Other Charges in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 101,311	\$ 106,500	\$ 105,113	\$ 105,089	\$ 105,874
Sales taxes	51,255	49,444	48,240	54,919	54,095
Franchise taxes	34,272	33,720	36,923	36,779	37,407
Motor vehicle taxes	13,287	13,309	13,094	12,898	13,116
Transient guest taxes	6,325	6,015	5,689	6,041	6,100
Investment earnings	8,874	3,703	2,001	1,003	530
Miscellaneous	16,928	23,843	17,498	7,397	5,683
Special item	-	-	(5,704)	-	-
Transfers	557	(493)	(1,237)	1,766	2,566
Prior period adjustments	(13,345)	-	-	-	-
Total governmental activities	<u>219,464</u>	<u>236,041</u>	<u>221,617</u>	<u>225,892</u>	<u>225,371</u>
Business-type activities:					
Investment earnings	6,710	4,912	3,692	3,803	3,813
Miscellaneous	825	974	1,700	679	2,138
Special item	-	-	-	-	-
Transfers	(557)	494	1,236	(1,766)	(2,566)
Prior period adjustments	(3,346)	-	-	-	-
Total business-type activities	<u>3,632</u>	<u>6,380</u>	<u>6,628</u>	<u>2,716</u>	<u>3,385</u>
Total primary government	<u>\$ 223,096</u>	<u>\$ 242,421</u>	<u>\$ 228,245</u>	<u>\$ 228,608</u>	<u>\$ 228,756</u>
<b>Change in Net Position</b>					
Governmental activities	8,495	71,548	48,639	49,152	9,690
Business-type activities	23,165	31,933	55,088	51,973	41,436
Total primary government	<u>\$ 31,660</u>	<u>\$ 103,481</u>	<u>\$ 103,727</u>	<u>\$ 101,125</u>	<u>\$ 51,126</u>

# CITY OF WICHITA, KANSAS

## FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2003 through December 31, 2012

(modified accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 2,683	\$ 3,675	\$ 3,887	\$ 2,767	\$ 3,485
Unreserved	20,769	22,000	22,867	23,026	23,051
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 23,452</u>	<u>\$ 25,675</u>	<u>\$ 26,754</u>	<u>\$ 25,793</u>	<u>\$ 26,536</u>
Debt Service Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	26,286	65,958	57,287	40,945	16,107
Restricted	-	-	-	-	-
Total Debt Service Fund	<u>\$ 26,286</u>	<u>\$ 65,958</u>	<u>\$ 57,287</u>	<u>\$ 40,945</u>	<u>\$ 16,107</u>
All other governmental funds					
Reserved	\$ 99,036	\$ 57,962	\$ 115,661	\$ 137,531	\$ 112,903
Unreserved reported in:					
Special revenue funds	53,352	59,468	60,404	57,387	60,417
Capital projects funds	(105,664)	(49,344)	(137,842)	(207,404)	(152,103)
Permanent fund	814	827	603	594	623
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 47,538</u>	<u>\$ 68,913</u>	<u>\$ 38,826</u>	<u>\$ (11,892)</u>	<u>\$ 21,840</u>

<sup>1</sup>Prior year amounts have not been restated for the implementation of GASB Statement 54, implemented in 2011.

	Fiscal Year				
	2008	2009	2010	2011 <sup>1</sup>	2012
General Fund					
Reserved	\$ 2,462	\$ 2,175	\$ 1,993	\$ -	\$ -
Unreserved	22,451	22,447	22,514	-	-
Nonspendable	-	-	-	882	841
Assigned	-	-	-	5,761	6,035
Unassigned	-	-	-	24,091	24,291
Total General Fund	<u>\$ 24,913</u>	<u>\$ 24,622</u>	<u>\$ 24,507</u>	<u>\$ 30,734</u>	<u>\$ 31,167</u>
Debt Service Fund					
Reserved	\$ -	\$ 699	\$ -	\$ -	\$ -
Unreserved	6,231	21,522	51,730	-	-
Restricted	-	-	-	85,545	114,344
Total Debt Service Fund	<u>\$ 6,231</u>	<u>\$ 22,221</u>	<u>\$ 51,730</u>	<u>\$ 85,545</u>	<u>\$ 114,344</u>
All other governmental funds					
Reserved	\$ 101,176	\$ 66,458	\$ 55,616	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	57,993	56,712	58,322	-	-
Capital projects funds	(158,110)	(100,612)	(87,391)	-	-
Permanent fund	666	650	605	-	-
Nonspendable	-	-	-	310	314
Restricted	-	-	-	73,986	66,502
Committed	-	-	-	24,740	25,206
Assigned	-	-	-	-	-
Unassigned	-	-	-	(76,125)	(83,499)
Total all other governmental funds	<u>\$ 1,725</u>	<u>\$ 23,208</u>	<u>\$ 27,152</u>	<u>\$ 22,911</u>	<u>\$ 8,523</u>

# CITY OF WICHITA, KANSAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2003 through December 31, 2012

(accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 130,579	\$ 144,028	\$ 147,986	\$ 155,011	\$ 162,985
Special assessments	25,875	26,371	27,099	29,102	30,082
Franchise taxes	29,259	29,556	30,702	31,851	32,157
Intergovernmental	90,492	96,078	87,953	98,988	96,660
Charges for services	9,842	10,414	10,310	10,398	9,946
Licenses and permits	5,614	6,069	6,494	7,048	7,478
Fines and penalties	8,454	7,933	8,666	8,801	9,948
Rents	4,175	4,061	3,848	3,956	5,568
Investment earnings	5,053	5,396	7,699	9,944	10,375
Other revenue	15,341	18,053	18,036	12,179	16,242
Total revenues	<u>324,684</u>	<u>347,959</u>	<u>348,793</u>	<u>367,278</u>	<u>381,441</u>
<b>Expenditures</b>					
General government	25,343	29,836	30,524	34,193	31,576
Public safety	86,742	91,576	94,353	103,315	110,745
Highways and streets	17,726	18,796	21,569	22,833	22,784
Sanitation	3,590	3,592	3,082	3,304	3,609
Health and welfare	38,100	34,741	32,900	33,482	31,758
Culture and recreation	25,987	27,883	29,256	29,650	30,171
Capital outlay	171,333	146,568	126,314	170,129	150,383
Debt service:					
Principal	55,207	61,745	65,492	59,867	58,496
Interest	15,681	18,341	20,517	20,418	20,332
Total expenditures	<u>439,709</u>	<u>433,078</u>	<u>424,007</u>	<u>477,191</u>	<u>459,854</u>
Excess of revenues over (under) expenditures	<u>(115,025)</u>	<u>(85,119)</u>	<u>(75,214)</u>	<u>(109,913)</u>	<u>(78,413)</u>
<b>Other financing sources (uses)</b>					
Transfers in	44,645	71,432	67,897	94,789	109,209
Transfers out	(44,444)	(70,941)	(68,088)	(92,973)	(107,707)
Refunding bonds issued	18,230	71,980	-	-	-
Bonds issued	119,307	100,466	57,172	48,879	101,620
Premium on bonds issued	4,045	5,532	83	159	628
Discount on bonds issued	-	(225)	-	-	-
Payments on refunded bonds	(21,880)	(30,250)	(19,175)	(8,845)	(15,615)
Total other financing sources (uses)	<u>119,903</u>	<u>147,994</u>	<u>37,889</u>	<u>42,009</u>	<u>88,135</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(354)</u>	<u>(117)</u>	<u>(86)</u>
Net changes in fund balances	<u>\$ 4,878</u>	<u>\$ 62,875</u>	<u>\$ (37,679)</u>	<u>\$ (68,021)</u>	<u>\$ 9,636</u>
Debt service as a percentage of noncapital expenditures	21.0%	22.4%	23.2%	21.0%	21.5%

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes	\$ 172,176	\$ 175,277	\$ 172,374	\$ 178,947	\$ 179,185
Special assessments	32,573	33,887	34,251	33,648	33,327
Franchise taxes	34,273	33,720	36,923	36,779	37,407
Intergovernmental	94,087	74,089	72,228	64,003	61,057
Charges for services	10,748	10,542	10,673	12,019	10,647
Licenses and permits	6,511	5,892	6,648	6,735	7,427
Fines and penalties	9,444	10,430	10,641	10,345	10,476
Rents	5,571	4,446	4,578	4,266	4,737
Investment earnings	8,160	3,594	2,160	1,022	551
Other revenue	19,566	35,209	23,219	21,283	12,986
Total revenues	<u>393,109</u>	<u>387,086</u>	<u>373,695</u>	<u>369,047</u>	<u>357,800</u>
<b>Expenditures</b>					
General government	36,065	32,855	34,659	36,587	34,643
Public safety	116,580	117,087	120,792	122,930	126,734
Highways and streets	22,838	20,937	19,125	22,450	18,185
Sanitation	3,872	4,372	5,243	4,264	3,722
Health and welfare	31,864	35,986	40,109	35,379	32,134
Culture and recreation	32,720	31,892	31,720	30,793	31,061
Capital outlay	165,767	121,256	83,658	82,901	109,959
Debt service:					
Principal	57,823	79,460	86,867	52,743	65,923
Interest	22,849	19,924	21,955	19,929	20,027
Total expenditures	<u>490,378</u>	<u>463,769</u>	<u>444,128</u>	<u>407,976</u>	<u>442,388</u>
Excess of revenues over (under) expenditures	<u>(97,269)</u>	<u>(76,683)</u>	<u>(70,433)</u>	<u>(38,929)</u>	<u>(84,588)</u>
<b>Other financing sources (uses)</b>					
Transfers in	111,156	82,417	72,657	73,059	95,855
Transfers out	(109,811)	(80,210)	(68,369)	(68,280)	(92,540)
Refunding bonds issued	-	43,715	48,805	72,730	51,325
Bonds issued	64,165	109,180	74,352	28,313	57,280
Premium on bonds issued	169	2,573	5,566	11,952	10,003
Discount on bonds issued	-	-	-	-	-
Payments on refunded bonds	-	(43,810)	(29,240)	(43,045)	(22,490)
Total other financing sources (uses)	<u>65,679</u>	<u>113,865</u>	<u>103,771</u>	<u>74,729</u>	<u>99,433</u>
Prior period adjustment	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (31,614)</u>	<u>\$ 37,182</u>	<u>\$ 33,338</u>	<u>\$ 35,800</u>	<u>\$ 14,845</u>
Debt service as a percentage of noncapital expenditures	19.5%	26.1%	28.2%	21.0%	23.0%

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL OWN SOURCE REVENUES BY SOURCE

For years ended December 31, 2003 through December 31, 2012

(modified accrual basis of accounting)

(dollars expressed in thousands)

<u>Year</u>	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Franchise Taxes</u>
2003	\$ 86,349	\$ 25,042	\$ 29,259
2004	94,320	25,216	29,556
2005	97,740	26,452	30,702
2006	102,264	28,013	31,851
2007	108,018	29,529	32,157
2008	114,598	31,786	34,273
2009	119,809	33,349	33,720
2010	118,207	33,723	36,923
2011	117,986	33,557	36,779
2012	118,990	32,800	37,407



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## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For fiscal years 2003 through 2012  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Year	Taxes	Special Assessments <sup>1</sup>	Franchise Taxes	Local Sales Tax	Intergovernmental	Licenses and Permits
2003	\$ 90,844	\$ 25,875	\$ 29,259	\$ 39,735	\$ 90,492	\$ 5,614
2004	99,289	26,371	29,556	44,739	96,078	6,069
2005	102,805	27,099	30,702	45,181	87,953	6,494
2006	107,307	29,102	31,851	47,705	98,988	7,047
2007	113,728	30,082	32,157	49,256	96,660	7,478
2008	120,922	32,573	34,273	51,255	94,087	6,511
2009	125,834	33,887	33,720	49,444	74,089	5,892
2010	124,135	34,251	36,923	48,240	72,228	6,647
2011	124,028	33,648	36,779	54,919	64,003	6,735
2012	125,089	33,327	37,407	54,095	61,057	7,427

<sup>1</sup>Includes all collections through specials including nuisance collections.

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For fiscal years 2003 through 2012  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation
2003	\$ 25,343	\$ 86,742	\$ 17,726	\$ 3,591	\$ 38,100	\$ 25,987
2004	29,836	91,576	18,796	3,592	34,741	27,883
2005	30,524	94,352	21,569	3,082	32,900	29,256
2006	34,193	103,315	22,833	3,305	33,482	29,650
2007	31,576	110,745	22,783	3,609	31,758	30,171
2008	36,064	116,580	22,838	3,872	31,864	32,720
2009	32,855	117,087	20,937	4,372	35,986	31,892
2010	34,640	120,792	19,144	5,243	40,109	31,720
2011	36,588	122,930	22,450	4,264	35,379	30,793
2012	34,643	126,734	18,186	3,722	32,134	31,061

Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenues	Total	Year
\$ 8,454	\$ 4,175	\$ 5,053	\$ 9,842	\$ 15,341	\$ 324,684	2003
7,933	4,061	5,396	10,414	18,053	347,959	2004
8,666	3,848	7,699	10,310	18,036	348,793	2005
8,801	3,956	9,944	10,398	12,179	367,278	2006
9,948	5,568	10,375	9,946	16,241	381,440	2007
9,444	5,571	8,160	10,747	19,566	393,109	2008
10,430	4,446	3,594	10,541	35,209	387,086	2009
10,641	4,578	2,160	10,673	23,219	373,695	2010
10,345	4,266	1,022	12,019	21,283	369,047	2011
10,476	4,737	551	10,647	12,987	357,800	2012

Debt	Service	Capital Outlay	Total	Year
\$	70,888	\$ 171,333	\$ 441,713	2003
	80,086	146,568	435,082	2004
	86,009	126,314	426,011	2005
	80,284	170,129	479,197	2006
	78,828	150,383	461,860	2007
	80,673	165,767	492,386	2008
	98,454	122,187	465,779	2009
	108,821	83,658	446,137	2010
	72,672	82,901	409,988	2011
	85,949	109,959	444,400	2012

# CITY OF WICHITA, KANSAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 2003 through December 31, 2012

(dollars expressed in thousands of dollars)

Year <sup>1</sup>	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 2,064,518	\$ 14,310,944	\$ 276,057	\$ 1,147,884	\$ 118,372	\$ 358,702
2004	2,147,334	14,958,321	275,516	1,142,836	123,092	373,006
2005	2,265,832	15,804,145	276,669	1,136,938	125,534	380,408
2006	2,434,211	16,932,177	284,827	1,165,037	114,675	347,499
2007	2,633,615	18,234,004	248,988	1,019,861	109,702	332,430
2008	2,827,209	19,506,118	212,829	871,131	105,794	320,589
2009	2,875,134	19,881,261	177,540	729,638	98,981	299,941
2010	2,904,055	20,011,382	147,887	612,183	98,206	297,594
2011 <sup>2</sup>	2,916,488	20,142,275	136,190	559,157	99,311	300,943
2012	2,889,209	19,908,386	125,492	518,004	96,872	293,550

Totals Assessed Property						
Year	Assessed Value	Estimated Actual Value	Assessed Value as a Percent of Actual Value	Total Direct Tax Rate <sup>3</sup>	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
2003	\$ 2,458,947	\$ 15,817,530	15.55%	4.86	\$ 352,820	\$ 2,811,767
2004	2,545,942	16,474,163	15.45%	5.07	360,861	2,906,803
2005	2,668,035	17,321,491	15.40%	5.03	369,682	3,037,717
2006	2,833,713	18,444,713	15.36%	4.95	379,910	3,213,623
2007	2,992,305	19,586,295	15.28%	4.96	392,292	3,384,597
2008	3,145,832	20,697,838	15.20%	4.96	401,805	3,547,637
2009	3,151,655	20,910,840	15.07%	5.16	396,701	3,548,356
2010	3,150,148	20,921,159	15.06%	5.14	387,036	3,537,184
2011	3,151,989	21,002,375	15.01%	5.06	381,608	3,533,597
2012	3,111,573	20,719,940	15.02%	4.92	385,358	3,496,931

<sup>1</sup>The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value of 2011 multiplied by the tax rate supports the budget of fiscal 2012. Excludes valuation of motor vehicles.

<sup>2</sup>Sedgwick County revised Real Property Estimated Actual Value in 2012.

<sup>3</sup>Direct tax rates are per \$1,000 of actual value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PROPERTY TAX RATES

### DIRECT AND OVERLAPPING GOVERNMENTS

For years ended December 31, 2003 through December 31, 2012

Year <sup>1</sup>	City of Wichita			Overlapping Rates				
	Operating Millage	Debt Millage	Total Millage	State Levy	Sedgwick County	Unified School District 259	Total Overlapping	Total Direct & Overlapping Rates
2003	21.886	10.019	31.905	1.500	28.817	51.408	81.725	113.630
2004	21.852	9.976	31.828	1.500	28.763	51.296	81.559	113.387
2005	21.876	10.022	31.898	1.500	28.758	51.300	81.558	113.456
2006	21.936	10.017	31.953	1.500	31.315	51.296	84.111	116.064
2007	21.971	10.008	31.979	1.500	31.333	53.238	86.071	118.050
2008	23.034	9.022	32.056	1.500	30.377	53.309	85.186	117.242
2009	23.619	8.523	32.142	1.500	29.868	56.850	88.218	120.360
2010	24.742	7.530	32.272	1.500	29.359	56.928	87.787	120.059
2011	24.839	7.520	32.359	1.500	29.428	57.018	87.946	120.305
2012	24.443	8.028	32.471	1.500	29.447	57.184	88.131	120.602

<sup>1</sup>Represents the year taxes were levied to provide support for the subsequent budget year.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PRINCIPAL PROPERTY TAXPAYERS

For years ended December 31, 2003 and December 31, 2012  
(dollars expressed in thousands)

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b>City of Wichita:</b>						
Kansas Gas & Electric-A Westar Energy Co	\$ 37,050	1	1.19 %	-		- %
Wesley Medical Center LLC (HCA)	28,031	2	0.90	23,963	3	0.85
Simon Property Group	25,810	3	0.83	19,560	4	0.70
Southwestern Bell Telephone	19,678	4	0.63	43,927	1	1.56
Kansas Gas Service-A Division of Oneok	19,195	5	0.62	9,566	7	0.34
Wal-Mart Real Estate Business Trust	13,492	6	0.43	-		-
City of Wichita	12,643	7	0.41	-		-
Target Corporation	7,806	8	0.25	-		-
Bradley Fair One, LLC	5,666	9	0.18	6,046	9	0.22
New Market I LLC	5,538	10	0.18	-		-
Westar Energy	-		-	41,578	2	1.48
Towne West Square	-		-	11,186	5	0.40
Koch Real Estate Holdings	-		-	10,147	6	0.36
Builders, Inc.	-		-	6,463	8	0.23
Boeing Military Airplane	-		-	5,388	10	0.19
	<u>\$ 174,909</u>		<u>4.43 %</u>	<u>\$ 177,824</u>		<u>6.32 %</u>

## PRINCIPAL EMPLOYERS, WICHITA AREA

For years ended December 31, 2003 and December 31, 2012

Employer	2012			2003		
	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment
Spirit AeroSystems, Inc.	10,800	1	3.57 %	-		- %
Via Christi Health System	6,237	2	2.06	3,218	7	1.06
USD 259 Wichita	5,421	3	1.79	4,966	5	1.76
Cessna Aircraft Company	5,000	4	1.65	9,200	2	-
Hawker Beechcraft Corporation	4,500	5	1.49	-		-
State of Kansas	3,967	6	1.31	4,800	6	1.58
City of Wichita	2,924	7	0.97	2,876	8	0.95
Bombardier Learjet	2,800	8	0.93	2,600	10	-
United States Government	2,708	9	0.90	5,186	4	-
Koch Industries	2,650	10	0.88	-		-
Boeing Aircraft Co.	-		-	12,565	1	4.15
Raytheon Aircraft Co.	-		-	7,000	3	2.31
Dillon Food Stores	-		-	2,700	9	0.89
Percent of total employment			<u>15.54 %</u>			<u>12.70 %</u>
Total employment	302,447			302,994		

Source: Wichita Business Journal; total employment U.S. Department of Labor, Bureau of Labor Statistics

# CITY OF WICHITA, KANSAS

## PROPERTY TAX LEVIES AND COLLECTIONS

### General and Debt Service Funds

For years ended December 31, 2003 through December 31, 2012  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied	Amount	Percentage Levy		Amount	Percentage of Levy
2003	\$ 72,659	\$ 68,607	94.42 %	\$ 1,583	\$ 70,190	96.60 %
2004	78,450	74,180	94.56	2,875	77,055	98.22
2005	81,030	76,454	94.35	3,093	79,547	98.17
2006	85,103	80,692	94.82	2,748	83,440	98.05
2007	90,546	86,525	95.56	3,039	89,564	98.92
2008	95,692	91,161	95.27	3,766	94,927	99.20
2009	100,840	95,255	94.46	2,636	97,891	97.08
2010	101,298	95,319	94.10	1,852	97,171	95.93
2011	100,319	95,890	95.59	78	95,968	95.66
2012	101,997	96,611	94.72	-	96,611	94.72

## PROPERTY TAX LEVIES AND COLLECTIONS

### Tax Increment Financing Districts

For years ended December 31, 2003 through December 31, 2012  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied <sup>2</sup>	Amount	Percentage Levy		Amount	Percentage of Levy <sup>2</sup>
2003	\$ 4,268	\$ 4,054	94.99 %	\$ 141	\$ 4,195	98.29 %
2004	4,993	4,524	90.61	242	4,766	95.45
2005	6,163	5,361	86.99	432	5,793	94.00
2006	6,169	5,766	93.47	354	6,120	99.21
2007	6,580	6,087	92.51	467	6,554	99.60
2008	7,038	5,752	81.73	40	5,792	82.30
2009	7,101	6,127	86.28	150	6,277	88.40
2010	6,196	6,372	102.84	94	6,466	104.36
2011	5,991	6,174	103.05	4	6,178	103.12
2012	6,021	5,820	96.66	-	5,820	96.66

## SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For years ended December 31, 2003 through December 31, 2012  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Assessments Certified to County <sup>3</sup>	Current Year Collections		Collections in Subsequent Years	Total Assessment Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
2003	\$ 23,788	\$ 22,607	95.04 %	\$ 1,085	\$ 23,692	99.60 %
2004	24,659	23,335	94.63	1,122	24,457	99.18
2005	25,034	23,869	95.35	1,097	24,966	99.73
2006	27,137	25,889	95.40	1,226	27,115	99.92
2007	28,797	27,272	94.70	1,515	28,787	99.97
2008	30,871	29,097	94.25	1,417	30,514	98.84
2009	30,687	29,756	96.97	675	30,431	99.17
2010	33,314	30,934	92.86	1,672	32,606	97.87
2011	34,882	32,010	91.77	-	32,010	91.77
2012	33,088	29,296	88.54	-	29,296	88.54

<sup>1</sup>The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

<sup>2</sup> The amount reported as Taxes Levied is the estimated tax revenue from the certified budgets. Economic development tax increment financing districts collect all property taxes paid above the base year and do not have a district levy. As a result, collections may exceed the budgeted amounts.

<sup>3</sup>Special assessments of proprietary funds, advance payments and nuisance assessments are not included.

# CITY OF WICHITA, KANSAS

## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

For years ending December 31, 2003 through December 31, 2012

(dollars expressed thousands except per capita amounts)

Year	Assessed Value <sup>1</sup>	Gross Bonded Debt <sup>2</sup>	Less: Amounts Available in Debt Service Fund	Debt Payable From Local Sales Tax	Debt Payable from Transient Guest Tax
2003	\$ 2,811,767	\$ 380,223	\$ 26,286	\$ 92,690	\$ 10,552
2004	2,906,803	458,232	65,958	122,180	10,110
2005	3,037,717	433,104	57,287	113,500	8,890
2006	3,213,623	418,305	40,945	104,505	6,717
2007	3,384,597	448,457	16,107	138,205	5,554
2008	3,547,637	432,681	6,231	129,165	4,639
2009	3,548,356	466,111	22,221	119,540	3,737
2010	3,537,184	518,189	29,587	130,730	2,847
2011	3,533,597	525,794	23,648	123,455	1,956
2012	3,496,931	558,037	25,857	152,390	1,064

<sup>1</sup> Includes assessed value and motor vehicle valuations expressed in thousands.

<sup>2</sup> Includes all long-term general obligation debt repayable from governmental and proprietary funds.

<sup>3</sup> Based on most recent population data reported on page H-27.



Debt Payable from Proprietary Revenues	Debt Payable from Special Assessments	Net Bonded Debt Payable	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita <sup>3</sup>	Year
\$ 11,345	\$ 160,865	\$ 78,485	0.028	\$ 221.32	2003
15,846	206,750	37,388	0.013	105.65	2004
12,771	210,370	30,286	0.010	85.35	2005
16,401	217,705	32,032	0.010	89.55	2006
14,484	218,545	55,562	0.016	153.73	2007
12,492	227,550	52,604	0.015	143.71	2008
20,101	241,420	59,092	0.017	158.77	2009
26,723	255,270	73,032	0.021	191.00	2010
40,681	269,630	66,424	0.019	173.72	2011
48,360	254,955	75,411	0.022	196.16	2012

# CITY OF WICHITA, KANSAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

For years ended December 31, 2003 through December 31, 2012  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	Proprietary Activities					Governmental Activities
	Water Utility Bonds	Sewer Utility Bonds	Airport Authority Bonds	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds <sup>1</sup>
2003	\$ 129,914	\$ 122,999	\$ 77,570	\$ 18,822	\$ -	\$ 361,401
2004	124,032	118,471	74,166	15,846	-	442,386
2005	145,759	129,887	77,825	12,771	6,223	420,333
2006	167,473	146,810	76,557	16,401	-	401,904
2007	159,292	140,604	75,198	14,484	-	433,973
2008	175,877	138,620	74,897	12,492	4,170	420,189
2009	250,093	181,090	63,150	20,100	-	446,011
2010	266,444	195,165	62,700	26,723	12,624	491,466
2011	250,350	181,970	62,020	40,681	10,245	485,113
2012	243,497	181,249	11,370	48,360	-	509,676

Fiscal Year	Governmental					Total Debt as a Percent of Per Capita Income
	HUD Section 108 Loan	Capital Lease Debt	Bond Anticipation Notes	Total Debt Primary Government	Total Debt Per Capita <sup>2</sup>	
2003	\$ 2,735	\$ -	\$ 22,969	\$ 736,410	\$ 2,077	6.71 %
2004	5,530	-	23,160	803,591	2,271	6.85
2005	5,310	-	18,629	810,514	2,284	6.58
2006	2,075	-	18,057	829,277	2,318	6.05
2007	1,825	1,681	14,180	841,237	2,328	5.85
2008	1,565	1,472	34,990	860,102	2,350	5.99
2009	1,285	1,178	39,501	1,002,408	2,693	7.14
2010	990	851	1,813	1,046,152	2,736	7.09
2011	680	510	14,158	1,035,482	2,708	7.01
2012	350	153	10,465	1,005,120	2,614	6.78

Fiscal Year	Component Unit
	Wichita Public Building Commission
2002	\$ 41,620
2003	37,470
2004	33,505
2005	32,075
2006	29,315
2007	26,555
2008	24,230
2009	21,805
2010	16,705
2011	14,010
2012	11,220

<sup>1</sup>The source of funding for general obligation debt is presented on page G-2 and G-3 in the Additional Information Section.

<sup>2</sup>Expressed in dollars. Population figures are presented on page H-27 of this section.

## CITY OF WICHITA, KANSAS

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING

For years ended December 31, 2003 through December 31, 2012

(dollars expressed in thousands except per capita amounts)

Fiscal Year	General Obligation Bonds <sup>1</sup>	Less: Amounts Available in Debt Service Fund	Total	Percent of Estimated Actual Value of Taxable Property <sup>2</sup>	Per Capita <sup>3</sup>
2003	\$ 380,223	\$ 26,286	\$ 353,937	2.24 %	\$ 998.1
2004	458,232	65,958	353,937	2.15	1,000.2
2005	433,104	57,287	375,817	2.17	1,059.0
2006	418,200	40,945	377,255	2.05	1,054.7
2007	448,457	16,107	432,350	2.21	1,196.3
2008	432,681	6,231	426,450	2.06	1,165.0
2009	466,111	22,221	443,890	2.12	1,192.7
2010	518,189	51,730	466,459	2.23	1,219.9
2011	525,794	85,545	440,249	2.10	1,151.4
2012	558,036	114,344	443,692	2.14	1,154.1

<sup>1</sup>Includes all general obligation debt.

<sup>2</sup>Excludes estimated actual value of motor vehicles.

<sup>3</sup>Population figures provided on page H-27 of this section.

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES

#### FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENT EXPENDITURES

For years ended December 31, 2003 through December 31, 2012

(dollars expressed in thousands)

Fiscal Year	Principal	Interest	Debt Service <sup>1</sup>	Total Government Expenditures <sup>2</sup>	Ratio of Debt Service to Government Expenditures
2003	\$ 40,241	\$ 14,482	\$ 54,723	\$ 439,709	12.45
2004	38,570	16,473	55,043	433,078	12.71
2005	42,111	17,301	59,412	424,007	14.01
2006	41,002	17,176	58,178	477,191	12.19
2007	40,189	16,880	57,069	459,853	12.41
2008	43,384	19,230	62,614	490,379	12.77
2009	44,190	17,673	61,863	463,770	13.34
2010	47,070	20,870	67,940	444,128	15.30
2011	50,619	18,441	69,060	407,977	16.93
2012	51,435	17,001	68,436	442,388	15.47

<sup>1</sup>Includes debt service related to all governmental activities except for that related to a Section 108 loan.

<sup>2</sup>Includes expenditures of all government fund types.

## CITY OF WICHITA, KANSAS

### LEGAL DEBT MARGIN INFORMATION

For years ended December 31, 2003 through December 31, 2012

(dollars expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 843,530	\$ 872,044	\$ 911,315	\$ 964,087
Total net debt applicable to limit	<u>270,190</u>	<u>252,320</u>	<u>227,053</u>	<u>232,818</u>
Legal debt margin	<u>\$ 573,340</u>	<u>\$ 619,724</u>	<u>\$ 684,262</u>	<u>\$ 731,269</u>
Total net debt applicable to limit as a percentage of debt limit	32.03%	28.93%	24.91%	24.15%

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,015,379	\$ 1,064,291	\$ 1,064,507	\$ 1,061,156	\$ 1,060,079	\$ 1,049,079
<u>197,179</u>	<u>202,312</u>	<u>221,768</u>	<u>226,525</u>	<u>197,552</u>	<u>169,407</u>
<u>\$ 818,200</u>	<u>\$ 861,979</u>	<u>\$ 842,739</u>	<u>\$ 834,631</u>	<u>\$ 862,527</u>	<u>\$ 879,672</u>

19.42%	19.01%	20.83%	21.35%	18.64%	16.15%
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Total debt	1,005,372
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2012 Equalized assessed valuation of taxable tangible property	\$ 3,111,573
Add: 2012 Estimated tangible valuation of motor vehicles	<u>385,358</u>
Total assessed value	\$ 3,496,931

Debt limit (30% of equalized assessed value)	1,049,079
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Debt applicable to limit:	
General obligation bonds	258,337
Less: Amount set aside for repayment of general obligation debt	<u>88,930</u>
Total net debt applicable to limit	169,407

Legal debt margin	<u>\$ 879,672</u>
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# CITY OF WICHITA, KANSAS

## COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

As of December 31, 2010, 2011 and 2012

	December 31, 2010		December 31, 2011		December 31, 2012	
	Percent of Debt Applicable to City	City of Wichita Share of Debt	Percent of Debt Applicable to City	City of Wichita Share of Debt	Percent of Debt Applicable to City	City of Wichita Share of Debt
Direct Debt:						
General obligation bonded debt						
Payable from ad valorem taxes		\$ 80,844,343		\$ 69,517,468		\$ 77,801,054
Temporary note debt		<u>206,640,000</u>		<u>236,525,000</u>		<u>221,245,000</u>
Total direct debt		287,484,343		306,042,468		299,046,054
Less - assets in debt service fund available for payment of principal		<u>29,586,463</u>		<u>23,647,787</u>		<u>18,325,399</u>
Total net direct debt		<u>257,897,880</u>		<u>282,394,681</u>		<u>280,720,655</u>
Overlapping debt:						
Sedgwick County	74.2%	54,889,344	73.6%	57,360,593	73.7%	53,723,534
USD 259	61.9%	340,059,175	61.5%	280,189,285	67.4%	295,788,093
Wichita Public Building Commission	100.0%	<u>9,375,000</u>	100.0%	<u>8,205,000</u>	100.0%	<u>6,990,000</u>
Total overlapping debt		<u>404,323,519</u>		<u>345,754,878</u>		<u>356,501,627</u>
Total direct and overlapping debt		<u>\$ 662,221,399</u>		<u>\$ 628,149,559</u>		<u>\$ 637,222,282</u>

Note: Percentage of overlapping debt based on assessed valuation.

# CITY OF WICHITA, KANSAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

For years 2003 through 2012

Fiscal Year <sup>8</sup>	Population of Wichita <sup>1</sup>	Population of Wichita MSA <sup>2</sup>	Personal Income of Wichita MSA (amounts expressed in thousands) <sup>3</sup>	Per Capita Personal Income <sup>4</sup>
2003	354,617	\$ 581,330	\$ 17,534,899	\$ 30,950
2004	353,878	583,530	18,519,359	33,153
2005	354,865	586,933	19,762,665	34,703
2006	357,698	589,279	22,080,831	38,318
2007	361,420	596,452	22,642,335	39,811
2008	366,046	603,716	23,650,151	39,207
2009	372,186	646,317	23,112,300	37,723
2010	382,368	623,061	24,098,234	38,610
2011	384,445	625,526	24,125,385	38,568
2012	384,445	625,526	24,125,385	38,568

Fiscal Year <sup>8</sup>	Median Age <sup>5</sup>	School Enrollment <sup>6</sup>	Average Annual Unemployment Rates <sup>7</sup>	
			City of Wichita	Wichita MSA
2003	33.2	49,065	7.4%	6.2%
2004	35.4	48,818	6.7%	5.5%
2005	34.2	48,865	6.0%	4.5%
2006	34.8	48,451	4.9%	4.0%
2007	35.0	48,705	4.4%	4.4%
2008	34.0	49,146	4.8%	4.3%
2009	34.3	50,042	8.9%	8.1%
2010	33.9	50,033	9.4%	8.6%
2011	34.3	50,103	8.9%	8.1%
2012	34.3	50,639	7.7%	7.0%

<sup>1</sup>2003-2008 population as certified by the State of Kansas, as originally published; 2009-2011 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing; 2012 data not available at time of publishing.

<sup>2</sup>2003-2009 estimates, Bureau of Census, as originally published; 2010-2011 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing; 2012 data not available at time of publishing.

<sup>3</sup>2003-2009 estimates, Bureau of Census, as originally published; 2010-2011 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing; 2012 personal income estimates not available at time of publishing.

<sup>4</sup>2003-2011 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as originally published; 2012 data not available at time of publishing.

<sup>5</sup>2003-2011 estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing; 2012 data not available at time of publishing.

<sup>6</sup>Wichita Public Schools, Unified School District 259.

<sup>7</sup>State of Kansas, Department of Labor as originally published, excluding subsequent revisions.

<sup>8</sup>Data for 2012 was not available at time of publishing, excluding school enrollment and average annual unemployment rates.

## PLEDGED REVENUE COVERAGE

## Water Revenue Bonds

## Sewer Revenue Bonds

## Combined Water and Sewer Revenue Bonds

Note: The covenants of the revenue bonds require the combined Utilities to produce net revenues for the debt service of the Utilities' revenue bonds of not less than 120% of the current year's debt service requirements.



# CITY OF WICHITA, KANSAS

## CAPITAL ASSET STATISTICS BY FUNCTION

For years ended December 31, 2003 through December 31, 2012

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police stations	4	4	4	4	4	4	4	4	4	4
Police patrol units	175	175	175	175	175	175	175	175	173	183
Fire stations	18	18	18	18	19	19	22	22	22	22
<b>Highways and Streets</b>										
Streets (miles)	1,710	1,745	1,760	1,795	1,830	1,859	1,882	1,884	1,898	1,902
Signalized intersections	518	526	541	547	553	562	562	562	584	585
<b>Culture and Recreation</b>										
Parks acreage	4,273	4,273	4,327	4,458	5,281	5,281	4,892	4,892	4,886	4,903
Swimming pools	12	12	11	11	11	11	11	11	11	9
Interactive water features	2	3	5	5	6	6	6	6	5	5
Fishing ponds	11	11	12	13	13	13	13	13	13	13
Tennis courts	85	83	74	75	76	76	75	73	75	75
Exercise/fitness trails	13	12	12	12	12	12	16	16	13	13
Children's playgrounds	68	67	74	78	78	80	82	83	79	79
Community centers	10	10	10	10	10	10	10	10	9	9
Golf Courses	5	5	5	5	5	5	5	5	5	5
Libraries	12	9	9	9	9	9	9	9	9	9
<b>Water</b>										
Water mains (miles)	1,881	2,006	2,031	2,244	2,280	2,298	2,314	2,357	2,361	2,387
Maximum daily capacity (million gallons per day) <sup>1</sup>	91	100	106	119	108	160	160	160	160	160
<b>Sewer</b>										
Sanitary sewers (miles) <sup>2</sup>	1,904	1,919	1,925	1,935	1,986	2,011	2,013	2,134	2,134	2,016
Storm sewers (miles)	400	400	400	400	420	420	420	750	750	750
Maximum daily treatment capacity (million gallons per day)	55	59	61	61	59	59	62	62	62	62
<b>Airport</b>	2	2	2	2	2	2	2	2	2	2
<b>Transit</b>										
Bus fleet	56	56	56	56	53	53	53	53	55	54
Para-transit vans	27	27	22	22	20	23	24	24	24	24

<sup>1</sup>Estimated daily average

<sup>2</sup>Miles of sanitary sewers are estimates

Source: City of Wichita Operating Departments

# CITY OF WICHITA, KANSAS

## OPERATING INDICATORS BY FUNCTION

For years ended December 31, 2003 through December 31, 2012

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Dispatched calls for 911 service <sup>1</sup>	242,000	247,233	243,166	245,200	206,453	234,578	238,766	286,507	226,047	227,787
Parking violations	25,365	20,915	19,816	20,500	30,885	23,922	22,011	21,234	17,105	14,917
Traffic violations	80,647	71,806	72,047	70,000	79,755	64,113	77,589	72,303	72,983	64,437
Fire										
Number of unit responses	53,999	52,971	60,830	60,012	67,170	68,818	69,332	69,680	72,226	73,389
Fires contained to room of origin	73%	71%	41%	69%	68%	78%	73%	64%	62%	71%
Inspections	4,376	6,662	5,262	5,165	5,953	5,753	4,092	4,187	4,731	12,969
Highways and Streets										
Street resurfacing (miles)	66	62	36	36	33	18	11	11	14	22
Potholes repaired	55,000	70,000	55,000	42,000	96,731	93,880	51,241	70,306	54,075	47,851
Culture and Recreation										
Golf rounds played	183,417	180,214	181,934	188,883	164,013	164,140	172,096	161,179	158,124	178,886
Trees planted	4,119	3,897	4,764	3,907	2,498	2,189	2,090	1,624	702	1,944
Swim lessons	1,910	1,829	1,732	1,560	1,134	1,490	1,379	1,377	1,721	1,531
Botanica visitors	101,416	114,529	102,691	111,289	94,865	102,877	97,390	105,881	145,105	166,390
Conventions	29	29	39	29	25	28	18	29	30	29
(regional, state & national)										
Library circulation	1,864,047	1,905,435	1,949,241	1,992,052	2,057,722	2,248,824	2,237,881	2,284,698	2,304,924	2,218,997
Library program attendance	42,921	64,602	77,038	65,169	68,296	69,597	70,030	70,528	68,507	71,714
Water										
Water customers <sup>2</sup>	137,592	138,626	141,249	144,780	144,336	141,622	142,196	144,529	144,710	144,190
Main breaks	307	254	263	311	280	198	165	242	339	340
(per 1,000 miles of mains)										
Average daily consumption <sup>3</sup>	53	55	57	61	58	54	54	57	61	60
(million gallons per day)										
Sewer (wastewater)										
Sewer customers <sup>4</sup>	127,990	127,314	130,496	133,759	131,235	133,160	133,799	134,508	134,534	134,491
Average daily sewage treated	37	39	38	35	36	40	37	36	27	29
(million gallons per day)										
Airport										
Number of passengers	1,431,610	1,498,749	1,486,590	1,460,331	1,596,229	1,619,075	1,505,607	1,549,395	1,536,354	1,509,206
Passenger enplanements	717,741	749,416	742,363	726,619	795,535	805,286	746,283	772,608	764,622	752,108
Number of daily flights	53	45	44	47	50	43	41	38	35	33
Transit										
Fixed route ridership	1,800,022	1,948,838	2,070,153	1,868,673	1,972,981	2,255,051	2,170,346	2,210,177	2,073,725	1,940,461
Para-transit ridership	320,767	330,891	327,781	326,303	318,122	325,433	342,500	352,043	343,138	309,872

<sup>1</sup>Dispatched calls for 911 service estimated for 2003

<sup>2</sup>Water customers estimated

<sup>3</sup>Average daily consumption estimated for 2003 and 2004

<sup>4</sup>Sewer customers estimated

Source: City of Wichita Operating Departments

# CITY OF WICHITA, KANSAS

## CITY GOVERNMENT EMPLOYEES BY FUNCTION

For Years ended December 31, 2003 through December 31, 2012

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
City council & city manager	15	15	16	16	15	15	15	15	15	15
General government	24	19	19	17	16	28	25	24	23	36
Economic development	3	3	3	3	4	4	9	8	2	4
Financial services	74	70	71	73	73	73	73	71	71	70
Legal services	26	24	24	25	25	25	26	26	26	27
Building services	108	117	115	109	108	111	111	111	69	92
Fleet services	55	60	61	61	61	61	60	60	54	54
Municipal court	101	106	109	105	111	115	116	116	113	120
Information technology	50	49	52	55	56	56	59	56	56	56
Metropolitan planning	40	30	32	32	38	31	31	31	29	28
Human resources	17	17	17	18	18	18	18	18	17	17
<b>Public Safety</b>										
Police	839	834	841	856	857	860	860	834	846	854
Fire	404	397	397	407	439	436	436	438	437	453
Central inspection	73	74	73	72	78	81	83	101	78	78
Flood control	19	18	18	18	18	18	18	18	18	18
<b>Highways &amp; Streets</b>										
Administration	6	6	5	5	5	5	5	5	56	43
Street maintenance	142	141	128	127	127	129	123	123	119	119
Engineering	93	92	102	102	98	105	102	102	105	104
<b>Sanitation</b>										
Landfill operations	4	4	2	2	3	2	2	2	2	3
Street cleaning	31	28	22	22	22	21	26	26	26	24
<b>Health and Welfare</b>										
Public health	0	0	0	0	0	0	0	0	0	0
Housing & community services	90	89	89	93	88	89	90	91	90	89
Environmental services	75	65	69	69	71	67	68	49	31	30
<b>Culture and Recreation</b>										
Libraries	154	148	148	153	153	155	155	155	155	151
Art museum	19	26	26	26	30	24	26	26	26	26
Parks & recreation	741	840	273	188	198	185	185	121	172	155
Golf courses	86	86	90	34	38	38	38	33		
Community facilities	39	39	37	34	29	46	58	51	51	51
<b>Water</b>	220	219	213	222	228	223	230	228	193	186
<b>Sewer</b>	157	159	159	159	159	163	163	161	155	155
<b>Airport</b>	114	114	116	116	115	114	115	115	119	126
<b>Stormwater</b>	37	37	37	37	33	33	38	38	37	37
<b>Public Transportation</b>	160	168	157	133	131	133	131	154	135	135
<b>Total</b>	<u>4,016</u>	<u>4,094</u>	<u>3,521</u>	<u>3,389</u>	<u>3,445</u>	<u>3,464</u>	<u>3,495</u>	<u>3,407</u>	<u>3,326</u>	<u>3,356</u>

Note: Numbers presented are authorized positions as reported in the Adopted Budget.

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## ***SINGLE AUDIT SECTION***

The Single Audit Section contains reports of the Independent Auditors', schedules and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

---

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita (City) as of and for the year ended December 31, 2012 , and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

## **The City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2013  
Wichita, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133 AND THE PASSENGER FACILITY CHARGE AUDIT GUIDE

---

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Wichita, Kansas' (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and to its passenger facility charge program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the City's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended December 31, 2012.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-2, 2012-3, and 2012-4. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over

compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-2, 2012-3 and 2012-4 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2013  
Wichita, Kansas

# CITY OF WICHITA, KANSAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2012

Federal Grant or Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
<u>U.S. Department of Commerce Economic Development Administration</u>			
Investments for Public Works and Economic Development Facilities	11.300	\$ 1,800,152	\$ 1,826,803
Total U.S. Department of Commerce Economic Development Administration		<u>\$ 1,800,152</u>	<u>\$ 1,826,803</u>
<u>U.S. Department of Defense</u>			
Procurement Technical Assistance for Business Firms (8)	12.002	\$ 8,375	\$ 2,465
Total U.S. Department of Defense		<u>\$ 8,375</u>	<u>\$ 2,465</u>
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing for Persons with Disabilities	14.181	\$ 296,233	\$ 264,891
Community Development Block Grants/Entitlement Grants (11)	14.218	2,590,719	2,499,617
Emergency Shelter Grants Program	14.231	87,048	62,050
HOME Investment Partnerships Program	14.239	1,280,243	1,269,980
CDBG/Brownsfields Economic Development Initiative	14.246	40,231	39,795
EDI Special Project Neighborhood Initiative	14.251	128,494	79,961
ARRA CDBG Entitlement Grants (11)	14.253	31,862	31,863
ARRA Homelessness Prevention & Rapid Re-Housing	14.257	43,816	43,816
Public and Indian Housing	14.850	1,757,721	1,780,280
Resident Opportunity and Supportive Services	14.870	80,000	47,229
Section 8 Housing Choice Vouchers	14.871	12,583,116	12,889,457
Public Housing Capital Fund	14.872	880,125	880,124
Total U.S. Department of Housing and Urban Development		<u>\$ 19,799,608</u>	<u>\$ 19,889,063</u>
<u>U. S. Department of the Interior</u>			
Fish and Wildlife Management Assistance	15.608	175,000	82,259
Historic Preservation Fund Grants-In-Aid (4)	15.904	20,000	10,577
Total U.S. Department of the Interior		<u>\$ 195,000</u>	<u>\$ 92,836</u>
<u>U.S. Department of Justice</u>			
Missing Children's Assistance	16.543	\$ 96,207	\$ 98,089
Crime Victim Assistance (5)	16.575	64,938	71,793
Bulletproof Vest Partnership Program	16.607	2,131	4,626
Public Safety Partnership and Community Policing Grants	16.710	453,541	460,050
ARRA Public Safety Partnership and Community Policing Grants	16.710	199,419	201,751
Enforcing Underage Drinking Laws Program (3)	16.727	29,321	29,321
Edward Byrne Memorial Justice Assistance Grant Program (12)	16.738	220,270	290,935
ARRA Edward Byrne Memorial JAG Program (12)	16.804	238,680	377,220
Total U.S. Department of Justice		<u>\$ 1,304,507</u>	<u>\$ 1,533,785</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	4,563,997	3,509,557
Highway Planning and Construction (3) (13)	20.205	10,055,754	10,689,473
ARRA Highway Planning and Construction (3) (13)	20.205	492,966	381,657
Recreational Trails Program (6) (13)	20.219	125,000	141,015
Metropolitan Transportation Planning (3)	20.505	905,900	639,571
Federal Transit - Formula Grants	20.507	4,893,512	5,018,611
Federal Transit Planning and Research Grant	20.515	-	86,367
Job Access - Reverse Commute (3) (14)	20.516	491,171	380,940
New Freedom Program (14)	20.521	-	1,188
State and Community Highway Safety (3) (10)	20.600	48,316	66,278
Alcohol Impaired Driving Countermeasures Incentives Grants I (3) (10)	20.601	6,548	4,680
Occupant Protection Incentive Grants (3) (10)	20.602	7,293	10,252
Incentive Grant Program to Prohibit Racial Profiling (3) (10)	20.611	2,874	-
Total U.S. Department of Transportation		<u>\$ 21,593,331</u>	<u>\$ 20,929,589</u>

# CITY OF WICHITA, KANSAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2012

Federal Grant or Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
<u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 99,071	\$ 41,728
Surveys, Studies, Research Clean Air Act (1)	66.034	27,285	31,346
Nonpoint Source Implementation Grants (1)	66.460	61,345	52,561
Brownfields Assessment and Cleanup Cooperative Agreements (1)	66.818	-	3,884
Total U.S. Environmental Protection Agency		<u>\$ 187,701</u>	<u>\$ 129,519</u>
<u>U.S. Department of Energy</u>			
Conservation Research and Development (9)	81.086	\$ 167,425	\$ 185,165
ARRA Energy Efficiency and Conservation Block Grant	81.128	676,419	664,696
Total U.S. Department of Energy		<u>\$ 843,844</u>	<u>\$ 849,861</u>
<u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	\$ 1,104,518	\$ 1,068,902
Child Care and Development Block Grant (1)	93.575	174,193	163,906
Total U.S. Department of Health and Human Services		<u>\$ 1,278,711</u>	<u>\$ 1,232,808</u>
<u>Executive Office of the President</u>			
High Intensity Drug Trafficking Areas Program (7)	95.001	\$ 21,405	\$ 23,116
Total Executive Office of the President		<u>\$ 21,405</u>	<u>\$ 23,116</u>
<u>U.S. Department of Homeland Security</u>			
Boating Safety Financial Assistance (6)	97.012	500,000	235,026
Disaster Grants	97.036	279,403	490,584
Assistance to Firefighters Grant	97.044	455,067	507,815
Disaster Housing Assistance Grant	97.109	(4,417)	-
Total U.S. Department of Homeland Security		<u>\$ 1,230,053</u>	<u>\$ 1,233,425</u>
Total revenue and expenditures of federal awards		<u>\$ 48,262,687</u>	<u>\$ 47,743,270</u>

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment.
- (2) Federal assistance is passed through from the Kansas Housing Resources Corporation.
- (3) Federal assistance is passed through from the Kansas Department of Transportation.
- (4) Federal assistance is passed through from the Kansas Historical Society.
- (5) Federal assistance is passed through from the Kansas Governor's Grant Program.
- (6) Federal assistance is passed through from the Kansas Department of Wildlife, Parks and Tourism.
- (7) Federal assistance is passed through from the Kansas Bureau of Investigation.
- (8) Federal assistance is passed through from the Missouri Southern State University.
- (9) Federal assistance is passed through from the Kansas City Regional Clean Cities Coalition.
- (10) Included in the Highway Safety Grant cluster.
- (11) Included in the Community Development Block Grant cluster.
- (12) Included in the JAG Program cluster.
- (13) Included in the Highway Planning and Construction cluster.
- (14) Included in the Transit Services Programs cluster.

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, Audits of States Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. Subrecipients**

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as reported in the following table:

Program Title	Federal CFDA Number	Amount Provided to Subrecipient
Community Development Block Grants/Entitlement Grants	14.218	\$ 498,067
Emergency Shelter Grants Program	14.231	55,883
ARRA Homelessness Prevention & Rapid Re-Housing	14.257	12,419
Federal Transit – Formula Grants	20.507	357,936
Job Access-Reverse Commute	20.516	176,819

**3. Federal Forfeited Property Program**

In 2012, the Narcotic Seizure program acquired \$1,136,154 in federal forfeited property and expended \$239,929 on the qualified program expenditures. The IRS Asset Seizure and Forfeiture program for 2012 acquired \$23,000 in federal forfeited property and expended \$3,152 on the program.

**4. Community Services Block Grant**

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending September 30, 2012 and September 30, 2013 are summarized in the following tables.

CSBG Grant Program Year Ended September 30, 2012					
	Budget	Actual		Variance	
	April 1, 2011 to Sept 30, 2012	April 1, 2011 to Dec 31, 2011	January 1, 2012 to Sept 30, 2012	Total	
Revenue:	\$ 1,098,072	\$ 243,498	\$ 833,749	\$ 1,077,247	\$ 20,825
Expenditures:					
Personnel	422,568	219,560	260,053	479,613	(57,045)
Contractual	587,240	162,050	370,109	532,159	55,081
Commodities	38,264	10,380	6,217	16,597	21,667
Capital outlay	-	-	-	-	-
Other	50,000	-	48,878	48,878	1,122
Total expenditures	\$ 1,098,072	\$ 391,990	\$ 685,257	\$ 1,077,247	\$ 20,825

CSBG Grant Program Year Ended September 30, 2013		
	Budget	Actual
	April 1, 2012 to Sept 30, 2013	April 1, 2012 to December 31, 2012
Revenue:	\$ 1,084,872	\$ 270,769
Expenditures:		
Personnel	446,422	193,367
Contractual	555,197	181,625
Commodities	43,253	8,653
Other	40,000	-
Total expenditures	\$ 1,084,872	\$ 383,645

#### 5. Passenger Facility Charges

The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts in or used in the preparation of the basic financial statements.

Wichita Airport Authority Passenger Facility Charges (PFC)				
Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
96-02-C-00	\$ 1,247,191	\$ -	\$ -	\$ 1,247,191
98-03-C-00	2,180,052	-	-	2,180,052
03-04-C-00	7,444,058	-	-	7,444,058
07-05-C-00	1,210,332	-	-	1,210,332
08-06-C-00	3,630,000	-	-	3,630,000
10-07-C-00	-	3,078,580	1,538,662	(1,400,109)
Total	\$ 12,771,606	\$ 3,078,580	\$ 1,538,662	\$ 14,311,524

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**CITY OF WICHITA, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

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**SECTION I – SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?        yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        none reported
- Noncompliance material to financial statements noted?        yes   X   no

**FEDERAL AWARDS**

Internal control over major programs:

- Material weaknesses identified?        yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        none reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*?   X   yes        no

Type of auditor's report issued on compliance for major programs: See Below

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM	OPINION
11.300	<i>Investments for Public Works and Economic Development Facilities</i>	<i>Unmodified</i>
14.218 / 14.253	<i>Community Development Block Grants – Entitlement Grants Cluster</i>	<i>Unmodified</i>
14.239	<i>Home Investment Partnership Program</i>	<i>Unmodified</i>
16.738 / 16.804	<i>JAG Program Cluster</i>	<i>Unmodified</i>
20.106	<i>Airport Improvement Program</i>	<i>Unmodified</i>
20.205 / 20.219	<i>Highway Planning and Construction Cluster</i>	<i>Unmodified</i>
20.507	<i>Federal Transit – Formula Grants</i>	<i>Unmodified</i>



**CITY OF WICHITA, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

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**SECTION I – SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)**

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Dollar threshold used to distinguish  
between type A and type B programs:

\$ 1,417,581

Auditee qualified as low-risk auditee?

       yes      X   no

## CITY OF WICHITA, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

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#### SECTION II – FINANCIAL STATEMENT FINDINGS

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##### **Finding 2012-1: Computer Software User Access (Significant Deficiency) – Repeat Finding**

**Condition:** During our review of access controls within the Banner software system used for water and sewer utility billings, we noted that all users of the software have the ability to adjust customer billings and meter readings. In addition, we noted that anyone with access to the Banner software has access to adjust customer meter readings, and there is no review of these adjustments.

Customer service representatives are allowed to submit a request for billing adjustments up to \$50. Adjustments in excess of \$50 require supervisory approval. All adjustments are supposed to be calculated by certain employees, and are then entered into the system by an employee that did not make the initial request or calculation. The system provides an audit trail, which indicates who calculated, who entered, and who approved the adjustment. While a process is in place for review of such adjustments, we observed that customer service representatives still have access to make such changes within the system. We also noted that a user report showing adjustments is reviewed periodically; however, such reports are not retained so we were unable to observe this was actually being completed. Additionally, the personnel involved indicated this was an infrequently performed process.

**Criteria or Specific Requirement:** Internal controls should be designed to provide adequate control over the use of financial software systems.

**Cause:** It was noted that the Banner software had been recently updated and a review of the user access controls to the system to ensure proper access controls were in place, was not performed after the update.

**Effect:** A lack of proper access controls could result in incompatible functions being performed in the system by the same user.

**Recommendation:** We recommend management implement controls and procedures to ensure proper software user access controls are in place as well as procedures to ensure a review of adjustments is occurring on a regular basis.

**Management Response (unaudited):** Reports have been developed to monitor monetary adjustments and meter readings. Progress on evaluating staff responsibilities to identify appropriate separation of duties, establish authority levels and the review process is approximately 50% complete. The management staff are committed to completing the assessment and having a control procedure in place within 30 days.

## CITY OF WICHITA, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

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#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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**Finding 2012-2 (Significant Deficiency) – Repeat Finding:**

**#20.500 / 20.507 Federal Transit Cluster, Awards # KS-90-X140-00 and #KS-95-X0008-00, U.S. Department of Transportation**

**Condition:** The City did not file the required reports through the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) for subawards greater than \$25,000.

**Criteria:** 2 CFR part 170 requires prime grant recipients to file a Federal Funding Accountability and Transparency Act (FFATA) subaward report by the end of the month following the month in which the prime recipient awards any subgrant equal to or greater than \$25,000.

**Questioned Costs:** None were noted.

**Context:** This requirement became effective for subawards made after October 1, 2010 under a federal award agreement entered into on or after that date. The City did not file the required 2012 reports through FSRS for two qualifying subawards.

**Cause:** The Transit department did not communicate these subawards to those responsible for filing the reports.

**Effect:** Failure to file required Federal reports could result in noncompliance with reporting requirements noted above.

**Recommendation:** We recommend the City review the requirements of the Federal Funding Accountability and Transparency Act Subaward Reporting System and implement internal controls and processes to ensure the required reports are submitted.

**Response and corrective action plan (unaudited):** Staff involved in the process of applying for, receiving and setting up grants are more educated on subrecipient reporting requirements. The requirement is addressed in the budget set-up sheet to indicate if the expenditures are a pass-through or sub-award. The Federal Transportation Administration (FTA) has stated that the FSRS system will not be populated until the end of the quarter in which a grant is awarded. The timing of FTA's action could affect the reporting timeline by as much as two months.

## CITY OF WICHITA, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

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#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

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**Finding 2012-3 (Significant Deficiency) – Repeat Finding:**

**#20.500 / 20.507 Federal Transit Cluster, Awards # KS-90-X140-00 and Award #KS-95-X0008-00, U.S. Department of Transportation**

**Condition:** The City of Wichita's (City) Transit Department could not provide evidence that a required suspension and debarment verification check had been performed on certain contracted vendors.

**Criteria:** Regulations contained in 2 CFR part 180 restrict grantees from contracting with certain parties that are suspended or debarred, or whose principals are suspended or debarred. For covered transactions, the City must verify the vendor is not suspended or debarred. This verification check can be performed by checking the SAM (System for Award Management), collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor that is expected to equal or exceed \$25,000.

**Questioned Costs:** None noted. A subsequently performed verification check of the vendors on the SAM website noted that none were suspended or debarred.

**Context:** The City could not provide support that a verification procedure had been performed to ensure that one vendor was not suspended or debarred from receiving federal funds.

**Cause:** The absence of adequate internal controls and instance of noncompliance appears to be the result of inadequate formal procedures, combined with a lack of awareness of the suspension and debarment requirements by personnel involved in this program.

**Effect:** Failure to perform verification checks on covered transactions could result in expenditures to potentially ineligible vendors.

**Recommendation:** We recommend that the City inform and train all personnel on the policies and procedures for performing required verification checks for suspended or debarred parties as a required step in the formal procurement process. We also recommend that any new federal grant awards made to the City be provided to the Purchasing Department, so that they can ensure proper suspension and debarment procedures can be applied as appropriate.

**Response and corrective action plan (unaudited):** The 2012 finding is the result of fuel purchases, which are made on the spot market by Finance-Purchasing Division on behalf of the entire City, a process that has been in place for many years. The fuel is purchased by the internal service Fleet Fund and sold to user departments, including Transit. Finance-Purchasing has incorporated a SAM suspension and debarment check for fuel vendors.

*Transit staff reviewed expenditures from the past year to determine which vendors might provide product or services greater than \$25,000 or purchases nearing \$25,000 in total. Each vendor was checked in the SAM to verify the vendor was not suspended or debarred. Vendors not found in SAM were required to complete a form certifying the firm was not suspended or*

## CITY OF WICHITA, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

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#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

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*debarred. Transit staff will also increase communication with Purchasing to decrease opportunity of omission for the suspension and debarment checks.*

**Finding 2012-4 (Significant Deficiency):**

**#20.500 / 20.507 Federal Transit Cluster, Award # KS-90-X140-00, U.S. Department of Transportation, Award # KS-95-X0008-00, U.S. Department of Transportation**

**Condition:** Subrecipient monitoring was not conducted in accordance with the OMB Circular A-133 requirements. Specifically, the City did not ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133.

**Criteria:** OMB Circular A-133 Section .400(d) requires that the City should ensure that subrecipients expending \$500,000 or more in Federal awards during the fiscal year have audits as required by OMB Circular A-133.

**Questioned Costs:** None were noted.

**Context:** The City's Transit Department had four subrecipients receiving Federal Transit Funds. The City's Transit Department monitors subrecipients through the receipt and approval of subrecipient invoices and statements. Expenditures passed through to these subrecipients totaled approximately \$340,000. Of these subrecipients, three were required to have audits as required by OMB Circular A-133. The Transit Department did not request the reports from these OMB Circular A-133 audits.

**Cause:** The lack of subrecipient monitoring appears to be the result of inadequate formal procedures, combined with a lack of awareness of the subrecipient monitoring requirements by personnel involved in this program.

**Effect:** Failure to monitor subrecipients could result in federal awards being spent in a manner unacceptable under the terms of the grant agreement, federal rules and regulations.

**Recommendation:** We recommend that procedures be expanded to provide further evaluations of how subrecipients are spending subawards. We recommend the Transit Department require a copy of all OMB Circular A-133 Single Audit Reports be submitted to the City for review when subrecipients have an OMB Circular A-133 Single Audit performed.

**Response and corrective action plan (unaudited):** Transit staff are completing an audit of all sub-recipients. Each agency is asked if an A-133 is required. Agencies that are required to have an A-133 audit must submit their most recent audit (prior year) to Transit. Agencies that meet the A-133 threshold but fail to submit their audit for review will not be candidates for future service contracts.

## ***WATER UTILITIES SECTION***

The Water Utilities Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Department of Public Works & Utilities  
Office of the Director  
City Hall – Eighth Floor  
455 North Main  
Wichita, Kansas 67202

June 26, 2013

To our Water and Sewer Bondholders:

Please review and accept the 2012 Annual Report, presented on behalf of the City of Wichita and the Water & Sewer Utilities.

The Utilities strive to provide high quality, reliable water and sewer service to residents of Wichita and customers in the surrounding community. The Utilities' services need to represent a good value to the customer base, which is achieved by ensuring effective and efficient operations, positive customer service, and strategic financial management.

On average, the Water and Sewer Utilities treat and distribute about 61 million gallons of potable per day. The sewer system collects and processes about 27 million gallons of wastewater per day. The Utilities serve approximately 386,000 citizens of south-central Kansas. Services include maintenance of more than 4,400 miles of sewer and water mains, operation of 57 sewer lift stations and sewage treatment plants, nearly 150,000 water meters, and an array of water treatment facilities. The Utilities also coordinate their efforts with business, industry, and developers to provide infrastructure critical to the continued success and well-being of our customers.

The water distribution and sewer collection systems have been aging, and a healthy reinvestment in the repair and replacement program is underway. The new rates effective in January 2013 provide for a higher degree of maintenance than has been previously achievable. With the increased effort on repair and replacement, Wichita will be closer to the American Water Works Association standards for system investment. The higher level of repair and replacement will lower the number of main breaks overall, while protecting the integrity of the distribution and collection systems.

A five-year program to replace existing water meters with automated water meters commenced in 2012. The meter replacement program was based on a failure mode analysis conducted by an outside firm that determined which meters potentially resulted in the lower accuracy based on age. The City Council contracted with National Meter and Automation to replace all of the water meters and install Automated Meter Reading (AMR) devices. The

new automated meters will result in higher revenue due to increased meter accuracy and efficiency gains by increasing the AMR capabilities in the water system.

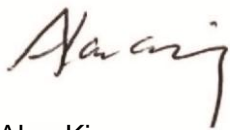
The City continues implementation of the 2011 Cost of Service Analysis that identified a differential in the rates paid by different customer types. New rates were adopted by the City Council in November 2012 that included a gradual realignment of rates that better align the fees paid by customer types with the costs they create. In addition, the ten-year annual rate planning model was implemented to determine potential rate increases in the future in order to fully fund the existing capital improvement program.

The Aquifer Storage & Recovery (ASR) project continues to be developed. The project is creating additional water supplies by treating excess flows in the Little Arkansas River and injecting the treated water into the underground aquifer that currently provides 40% of the Utility's water supply and will also provide a hydraulic barrier to slow salt intrusion into the aquifer while insuring water for the City's use. The first phase began operating in 2007. Phase II improvements are anticipated to be substantially complete in 2013 and fully operational in 2014.

The Wichita region is in the third year of a prolonged drought, and there is uncertainty about how long it will last or how severe it may become. The City is responding with a drought modeling approach, praised by the Governor of Kansas and shared with other users throughout the state at the request of the Governor. The drought model approach is reliant on community input and engineering analysis and strives to extend the water supply throughout the duration of the drought.

Although the drought is a major current issue for the Utilities, the City is also taking seriously the need to ensure an adequate long-term supply for customers. A third-party firm is assisting with the development of a new water master plan. The last master plan was completed in 2006. Since 2006, a number of new possibilities for long-term water supplies have developed. The plan will analyze the different potential new sources to determine what options comprise the most economical mix to secure water for Wichita's future.

Finally, it is important to recognize the hundreds of employees that make it possible to provide clean water and reliable sewer service. The utility meets high standards for water and sewer reliability and engages in planning efforts to ensure that the high levels of services continue. The City of Wichita is committed to continuing its responsible financial and operational management to provide a long-term, high-quality value for customers.



Alan King  
Director of Public Works & Utilities  
For the Water & Sewer Utilities  
The City of Wichita, Kansas



# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF NET POSITION

For the year ended December 31, 2012

(with comparative totals for the year ended December 31, 2011)

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 10,781,821	\$ 9,950,356
Receivables, net	17,349,681	14,688,254
Inventories	2,117,514	2,370,502
Prepaid items	544,647	1,039,499
Restricted assets:		
Cash and temporary investments	28,889,376	29,305,076
Total current assets	<u>59,683,039</u>	<u>57,353,687</u>
Noncurrent assets:		
Restricted assets:		
Cash and temporary investments	130,981,577	121,347,142
Capital assets:		
Land	14,235,596	14,180,675
Buildings	171,729,057	159,844,100
Improvements other than buildings	849,995,576	818,724,445
Machinery, equipment and other assets	97,309,410	87,723,744
Construction in progress	307,818,800	323,808,912
Less accumulated depreciation	<u>(330,227,183)</u>	<u>(311,004,921)</u>
Total capital assets (net of accumulated depreciation)	1,110,861,256	1,093,276,955
Other assets	2,919,992	3,072,796
Total noncurrent assets	<u>1,244,762,825</u>	<u>1,217,696,893</u>
Total assets	<u>\$ 1,304,445,864</u>	<u>\$ 1,275,050,580</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,681,923	\$ 8,021,341
Accrued interest payable	344,333	380,042
Temporary notes payable	160,000,000	160,000,000
Deposits	4,065,021	3,773,648
Current portion of long-term obligations:		
Compensated absences	824,829	757,011
Current liabilities payable from restricted assets:		
Accrued interest payable	5,052,677	4,505,216
Revenue bonds payable	23,836,699	24,799,860
Total current liabilities	<u>198,805,482</u>	<u>202,237,118</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized deferred refunding and premium)	416,288,905	422,541,045
Compensated absences	7,596	40,694
Total noncurrent liabilities	<u>416,296,501</u>	<u>422,581,739</u>
Total liabilities	<u>615,101,983</u>	<u>624,818,857</u>
<b>NET POSITION</b>		
Net investment in capital assets	523,328,689	532,817,700
Restricted for:		
Capital projects	16,990,443	125,352
Revenue bond covenants	131,942,499	95,954,077
Unrestricted	17,082,250	21,334,594
Total net position	<u>689,343,881</u>	<u>650,231,723</u>
Total net position and liabilities	<u>\$ 1,304,445,864</u>	<u>\$ 1,275,050,580</u>

The accompanying notes to the financial statements are an integral part of this statement.

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	2012	2011
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 126,033,130	\$ 123,604,557
Rentals	33,405	31,695
Other	87,100	6,123
Total operating revenues	<u>126,153,635</u>	<u>123,642,375</u>
<b>OPERATING EXPENSES</b>		
Personnel services	18,218,875	18,033,451
Contractual services	18,781,285	17,942,181
Materials and supplies	8,164,215	7,109,715
Other	1,022,533	1,200,889
Administrative charges	1,386,209	1,379,471
Franchise taxes	6,181,810	5,153,053
Depreciation	19,893,733	19,647,716
Total operating expenses	<u>73,648,660</u>	<u>70,466,476</u>
Operating income	<u>52,504,975</u>	<u>53,175,899</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on investments	34,670	88,020
Other expenses	(221,020)	-
Interest expense	(13,352,637)	(14,974,565)
Loss from sale of assets	(1,285,640)	(148,833)
Bond discount amortization	1,064,937	642,236
Total nonoperating revenues (expenses)	<u>(13,759,690)</u>	<u>(14,393,142)</u>
Income before contributions and transfers	38,745,285	38,782,757
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>		
Capital contributions - cash	3,882,311	2,298,995
Capital contributions - non cash	593,172	3,750,336
Transfers to other funds	<u>(4,108,610)</u>	<u>(4,189,850)</u>
Change in net position	39,112,158	40,642,238
Net position - beginning	<u>650,231,723</u>	<u>609,589,485</u>
Total net position - ending	<u>\$ 689,343,881</u>	<u>\$ 650,231,723</u>

The accompanying notes to the financial statements are an integral part of this statement.

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2012  
(with comparative totals for the year ended December 31, 2011)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 123,696,480	\$ 121,495,315
Cash payments to suppliers for goods and services	(32,166,840)	(33,233,783)
Cash payments to employees for services	(18,184,155)	(18,081,787)
Franchise taxes and payments in lieu of delinquent specials	(6,181,810)	(5,153,053)
Other operating revenues	87,100	(9,760)
Net cash provided by operating activities	<u>67,250,775</u>	<u>65,016,932</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer to other funds	(4,108,610)	(4,189,850)
Net cash used in noncapital financing activities	<u>(4,108,610)</u>	<u>(4,189,850)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Issuance of temporary notes	-	160,000,000
Retirement of temporary notes	-	(140,000,000)
Issuance of capital debt	17,225,000	105,325,000
Premuims from the sale of bonds	576,650	16,199,245
Accrued interest from the sale of bonds	-	(922,843)
Bond issuance costs paid	(62,525)	(9,576,074)
Additions to property, plant and equipment	(30,981,707)	(99,169,150)
Debt service - principal refunded	-	(112,070,000)
Debt service - principal	(24,799,861)	(22,543,785)
Debt service - interest	(18,796,703)	(22,002,291)
Capital contributions	3,712,511	3,240,310
Net cash used in capital and related financing activities	<u>(53,126,635)</u>	<u>(121,519,588)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	34,670	88,020
Net cash provided by investing activities	<u>34,670</u>	<u>88,020</u>
Net increase (decrease) in cash and temporary investments	10,050,200	(60,604,486)
Cash and temporary investments - January 1	160,602,574	221,207,060
Cash and temporary investments - December 31	<u>\$ 170,652,774</u>	<u>\$ 160,602,574</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income	\$ 52,504,975	\$ 53,175,899
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,893,733	19,647,716
Changes in assets and liabilities:		
Decrease in accounts receivable	(2,661,427)	(2,510,961)
Increase in inventory	252,988	-
Increase in prepaid items	494,852	41,446
Decrease in accounts payable/accrued expenses	(3,560,439)	(5,627,223)
Increase in deposits	291,373	338,391
(Increase) decrease in compensated absences	34,720	(48,336)
Total adjustments	<u>14,745,800</u>	<u>11,841,033</u>
Net cash provided by operating activities	<u>\$ 67,250,775</u>	<u>\$ 65,016,932</u>
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>		
Assets contributed by benefit districts	\$ 3,011,399	\$ 3,188,292
Contribution of capital assets	299,710	1,913
Capital contributed for capital purposes	701,112	709,816

The accompanying notes to the financial statements are an integral part of this statement.

## 1. Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water Utility and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Water and Sewer Utility (Utilities) fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administration expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from non-exchange transactions are included in non-operating revenues.

### C. Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). Information on the pooled cash and investments of the City is provided in Note 5 of the Notes to the Financial Statements.

### D. Revenue Recognition

The Utilities recognize revenue on sales when services are rendered and recognize revenues for unbilled services. All users, including other City departments, are charged for services provided. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

### E. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

### F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated

Assets Classification	Estimated Useful Life
Buildings and improvements	1-100 years
Improvements other than buildings	1-85 years
Equipment	1-33 years
Vehicles	1-20 years
Water/Sewer mains and drainage	75-85 years

depreciation is reported on the funds' balance sheet. Capital assets of the Utilities are depreciated using the straight line method over the estimated useful lives shown in the accompanying chart.

**G. Payment of Franchise Taxes**

Annually, the Utilities pay franchise taxes to the General Fund of the City in an amount not to exceed five percent of gross revenues of the preceding year, which is included in the annual budget. The combined Utilities paid franchise taxes totaling \$6,181,810 in 2012 and \$5,153,053 in 2011. The payment of franchise taxes is an operating expense passed through to the Utilities' customers.

**H. Compensated Absences**

The City's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and accumulated vacation is recorded as a liability in the financial statements. A liability is not recorded for unpaid accumulated sick pay as the City does not have a policy to pay accumulated sick pay to employees at separation from service.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave. Sick leave benefits accrue to full-time employees at varying rates, depending on the employees' length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

**I. Bond Issuance Costs**

Bond issuance costs are amortized using the straight-line method of amortization over the life of the bonds.

**J. Pending Governmental Accounting Standards Board Statements (GASB)**

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued in April 2012. GASB Statement No. 65 provides guidance on recognition of deferred outflows and deferred inflows of resources. The provisions of this Statement are effective for financial statements for the fiscal year ending December 31, 2013. Information that may have an effect on the Utilities is reported in Note 1 to the Financial Statements.

**2. Cash and Investments**

At December 31, 2012 and 2011, the combined cash and temporary investments in the amount of \$170,652,774 and \$160,602,574 respectively are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent person" standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the Note 5 – Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

On December 31, 2012, revenue bond proceeds for reserve funds and future capital projects of the Water and Sewer Utility were invested as follows:

Investment	Book Value	Modified Duration (years)	Percent of Bond Proceeds Investments
U.S. agency discount securities:			
Federal Home Loan Mortgage Corporation	\$ 18,998,818	0.038	97.2%
Federal Home Loan Bank	541,972	0.038	2.8%
Total value	<u>\$ 19,540,790</u>		<u>100.0%</u>
Total modified duration		<u>0.038</u>	

Additionally, general obligation temporary note proceeds for future capital projects of the Water Utility were invested as follows:

Investment	Book Value	Modified Duration (years)	Percent of Bond Proceeds Investments
Municipal Investment Pool-Overnight*	\$ 40,090,640	-	100.0%
Total value	<u>\$ 40,090,640</u>		<u>100.0%</u>
Total modified duration		<u>-</u>	

\*The weighted average maturity of the Municipal Investment Pool was 61.2 days at December 31, 2012.

### 3. Capital Assets

Capital asset activity of the Water Utility and Sewer Utility for the year ended December 31, 2012 is shown as follows (expressed in thousands of dollars):

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 14,180	\$ 55	\$ -	\$ -	\$ 14,235
Construction in progress	323,810	35,600	(51,591)	-	307,819
Total capital assets, not being depreciated	<u>337,990</u>	<u>35,655</u>	<u>(51,591)</u>	<u>-</u>	<u>322,054</u>
Capital assets, being depreciated:					
Buildings	159,844	11,885	-	-	171,729
Improvements other than buildings	818,724	32,579	-	(1,307)	849,996
Machinery, equipment and other assets	87,723	10,294	(708)	-	97,309
Total capital assets being depreciated	<u>1,066,291</u>	<u>54,758</u>	<u>(708)</u>	<u>(1,307)</u>	<u>1,119,034</u>
Less accumulated depreciation for:					
Buildings	(64,051)	(2,626)	-	-	(66,677)
Improvements other than buildings	(188,465)	(12,479)	-	-	(200,944)
Machinery, equipment and other assets	(58,489)	(4,788)	671	-	(62,606)
Total accumulated depreciation	<u>(311,005)</u>	<u>(19,893)</u>	<u>671</u>	<u>-</u>	<u>(330,227)</u>
Total capital assets, being depreciated, net	<u>\$ 1,093,276</u>	<u>\$ 70,520</u>	<u>\$ (51,628)</u>	<u>\$ (1,307)</u>	<u>\$ 1,110,861</u>

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2012 and 2011, total interest cost of the combined Water and Sewer Utility Funds was \$20,419,242 and \$20,914,821 of which \$7,066,605 and \$6,679,175 respectively was capitalized.

#### **4. Retirement Funds**

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2012 and December 31, 2011 was \$12,543,435 and \$13,404,418 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

The Utilities are required to contribute at an actuarially determined rate. The rate for 2012 was 10.6% of annual covered payroll for both Plans 1 and 2. The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2011, the Utility's annual pension cost of \$1,127,575 was equal to the required and actual contributions. For the year ending December 31, 2012, employee contributions to all pension plans for the Utilities totaled \$514,872 compared to \$553,474 in 2011.

#### **5. Self-Insurance Fund and Insurance Coverage**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability, and general liability for the reporting entity. The Utilities participate in the self-insurance programs of workers' compensation, group life insurance, group health insurance, employee liability, property damage, auto liability, and general liability. Property Insurance for the Utilities is included in the City's coverage with limits established for the entire City.

Information on the insurance programs is located in the Notes to the Comprehensive Annual Financial Report, located in the Financial Section of this report. Details of purchased insurance coverages are provided within the Additional Information Section of this report.

#### **6. Long-Term Debt**

##### **A. Revenue Bonds**

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. The bonds are payable solely from net revenues of the Utilities. Revenue bonds of the combined Utilities outstanding at December 31, 2012 are as follows (expressed in thousands of dollars):

Outstanding issue	Interest Rate	Final Maturity Date	Amount Outstanding
2000A Water	4.69%	2021	\$ 1,490
2000B Water	4.69%	2021	2,566
2005A Water & Sewer Refunding	5.00%	2016	18,850
2005B Water & Sewer Refunding	5.00%	2016	12,190
2005C Water & Sewer Refunding	4.00% - 5.00%	2030	37,375
2006 Water & Sewer	4.00% - 5.00%	2031	42,330
2008A Water & Sewer	3.50% - 5.00%	2032	25,840
2009A Water & Sewer	3.00% - 5.00%	2039	112,620
2009B Water & Sewer	4.27% - 5.36%	2019	9,690
2010A Water & Sewer	1.75% - 4.00%	2030	29,410
2010B Water & Sewer	3.00% - 5.35%	2030	15,920
2011A Water & Sewer	3.00% - 5.00%	2028	99,240
2012A Water & Sewer	2.00% - 4.00%	2032	17,225
Total revenue bonds			<u>\$ 424,746</u>

Changes in the long-term liability of the Water and Sewer Utility for the combined Utilities for the year ended December 31, 2012 are summarized in the following table (expressed in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 432,321	\$ 17,225	\$ (24,800)	\$ 424,746	\$ 23,837
Deferred amount on refunding	657	(9,319)	1,482	(7,180)	-
Unamortized premium	23,767	499	(1,706)	22,560	-
Total bonds payable	456,745	1,482	(8,697)	440,126	23,837
Compensated absences	798	34	-	832	824
Total long-term liabilities	<u>\$ 448,139</u>	<u>\$ 1,516</u>	<u>\$ (8,697)</u>	<u>\$ 440,958</u>	<u>\$ 24,661</u>

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

Year Ending December 31	Principal	Interest
2013	\$ 23,837	\$ 19,544
2014	22,489	18,650
2015	23,558	17,723
2016	24,767	16,711
2017	22,503	15,628
2018- 2022	110,592	62,426
2023 - 2027	101,025	36,778
2028 - 2032	72,085	14,934
2033 - 2037	19,560	3,367
Thereafter	4,330	325
Totals debt service	<u>\$ 424,746</u>	<u>\$ 206,086</u>



**B. Revenue Bond Ordinance Provisions and Reserve Requirements**

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2012 and 2011, unrestricted cash available in accordance with the revenue requirements of the bond covenants was \$10,781,821 and \$9,950,330.

Water and Sewer Utility Restricted Cash		
	2012	2011
Principal and interest	\$ 10,938,011	\$ 10,479,170
Bond reserve	19,543,579	19,747,989
Depreciation and replacement	11,927,278	12,268,840
Improvements	117,462,085	108,156,245
	<u>\$ 159,870,953</u>	<u>\$ 150,652,244</u>

At December 31, 2012, the City was in compliance with the reserve requirements of the respective Water and Sewer Utility revenue bond covenants. Significant requirements are listed below.

Unrestricted cash: Unrestricted revenue, amount budgeted for ensuing 60 days operating expenses for utility operation, repairs, and maintenance.

Restricted assets: Principal and interest, an equal prorated portion of the next annual principal payment and semi-annual interest payment of various revenue bond series on the first day of each month, which is sufficient to meet the maturing bond and interest requirements.

Bond reserve: A sum equal to greater of the amount of interest which shall become due and payable on various revenue bond series during next fiscal year or the maximum amount of interest which shall become due and payable on various revenue bond series in any subsequent year, shall be used solely for the payment of principal and interest on revenue bond series for which funds might not otherwise be available, or to pay a like amount of final maturing series.

Depreciation and replacement: 15% of the operating revenues of the preceding year are accumulated for the purpose of extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utilities.

Improvements: The amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days, shall be credited to the account. Funds may be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund.

**7. Leases**

The Sewer Utility and the Airport Authority entered into a 50-year operating lease for land which requires an annual rent payment. The following table provides future minimum rentals of the non-cancelable operating lease.

<u>Year Ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Leases</u>
2013	\$ 48,950
2014	48,950
2015	48,950
2016	48,950
2017	48,950
2018 – 2022	256,982
2023 – 2027	269,802
2028 – 2032	283,327
2033 – 2037	297,441
2038 – 2042	312,260
2043 – thereafter	1,052,551
Total minimum future rentals	<u>\$ 2,717,113</u>

**8. Segment Information**

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2012 is located in the Financial Section of this publication.

# CITY OF WICHITA, KANSAS

## WATER UTILITIES NET REVENUES AVAILABLE FOR DEBT SERVICE AND CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES

For the year ended December 31, 2012

UNAUDITED

	Water	Sewer	Combined
<b>REVENUES</b>			
Charges for services	\$ 80,087,629	\$ 45,978,906	\$ 126,066,535
Investment earnings	34,670	-	34,670
Capital contributions - cash	2,681,400	1,200,911	3,882,311
Bond discount amortization	554,847	510,090	1,064,937
Other	377,888	23,497	401,385
Gross earnings	<u>83,736,434</u>	<u>47,713,404</u>	<u>131,449,838</u>
<b>OPERATIONS AND MAINTENANCE</b>			
Personnel services	9,190,191	9,028,684	18,218,875
Contractual services	11,581,018	7,200,267	18,781,285
Materials and supplies	4,846,906	3,317,309	8,164,215
Other	554,363	468,170	1,022,533
Administrative charges	1,095,996	290,213	1,386,209
Contributions to the city	3,977,359	2,204,451	6,181,810
Total operations and maintenance	<u>31,245,833</u>	<u>22,509,094</u>	<u>53,754,927</u>
Net revenues available for debt service	<u>\$ 52,490,601</u>	<u>\$ 25,204,310</u>	<u>\$ 77,694,911</u>
<b>REVENUE BONDS DEBT SERVICE</b>	\$ 25,527,264	\$ 18,881,005	\$ 44,408,269
<b>DEBT SERVICE COVERAGE RATIO</b>	2.06	1.33	1.75
Gross earnings	\$ 83,736,434	\$ 47,713,404	\$ 131,449,838
Less: investment earnings	34,670	-	34,670
Less: capital contributions	2,681,400	1,200,911	3,882,311
Less: bond discount amortization	554,847	510,090	1,064,937
Operating revenues	<u>\$ 80,465,517</u>	<u>\$ 46,002,403</u>	<u>\$ 126,467,920</u>
<b>CAPITAL EXPENDITURES FROM OPERATING REVENUES</b>	\$ 2,300,392	\$ 907,313	\$ 3,207,705

# CITY OF WICHITA, KANSAS

## WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2012

(with comparative totals for the year ended December 31, 2011)

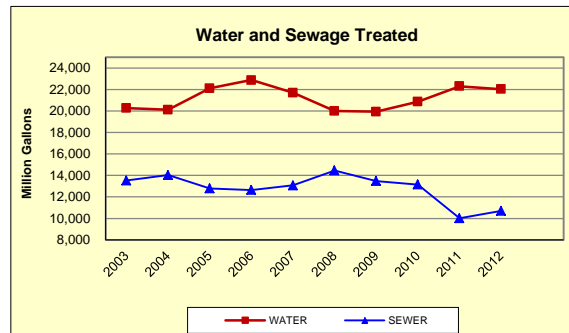
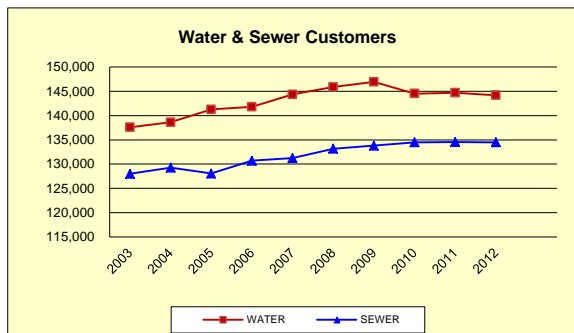
**UNAUDITED**

### WATER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Water Revenues <sup>1</sup>		Water Sales <sup>1</sup> (thousand gallons)	
	2012	2011	2012	2011	2012	2011
Residential	128,073	128,032	\$ 48,073,496	\$ 49,079,715	10,637	10,438
Commercial / Industrial	10,790	11,415	25,523,718	22,683,249	6,979	7,092
Wholesale	11	12	4,098,308	3,740,208	1,700	1,776
Lawn services	3,049	3,040	-	-	-	-
Fire protection	1,876	1,823	346,415	290,341	-	-
Contract	362	359	1,599,232	1,422,871	453	476
Backflow charges	-	-	238,876	233,716	-	-
Other sales	-	-	376,962	385,854	39	41
Estimated leaks	-	-	-	-	489	113
Water utility uses	29	29	-	-	296	296
Unaccounted for water	-	-	-	-	1,443	2,076
	<u>144,190</u>	<u>144,710</u>	<u>\$ 80,257,007</u>	<u>\$ 77,835,954</u>	<u>22,036</u>	<u>22,308</u>

### SEWER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Sewer Revenues <sup>1</sup>	
	2012	2011	2012	2011
Residential	122,656	122,635	\$ 25,470,226	\$ 24,461,681
Commercial	11,073	11,122	12,827,129	11,905,537
Industrial	16	18	4,073,295	3,595,247
Institutional	735	747	828,637	823,644
Wholesale	1	1	236,249	220,351
Other	-	-	21,394	21,712
Extra strength	10	11	1,607,617	1,609,976
	<u>134,491</u>	<u>134,534</u>	<u>\$ 45,064,547</u>	<u>\$ 42,638,148</u>



### REPORT IN BRIEF

	2012	2011	Change
Number of water customers	144,190	144,710	-0.36%
Number of sewer customers	134,491	134,534	-0.03%
Miles of water line	2,387	2,361	1.10%
Miles of sanitary sewer line	2,016	2,134	-5.53%
Water produced (million gallons)	22,036	22,308	-1.22%
Wastewater treated (million gallons)	10,708	10,024	6.82%
Cost of treated, pressurized water per 1000 gal.	\$0.54	\$0.53	1.89%
Cost of treated wastewater per 1000 gal.	\$0.97	\$0.99	-2.02%

<sup>1</sup>Water and Sewer utility revenue and sales volume data is based on actual billing information and excludes year-end accrual entries.

